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DEPARTMENTS OF LABOR, HEALTH AND HUMAN SERVICES, EDUCATION AND RELATED AGENCIES APPROPRIATIONS FOR FISCAL YEAR 1984

HEARINGS

BEFORE A

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Subcommittee on Departments of Labor, Health and Human Services, and Education and Related Agencies

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DEPARTMENTS OF LABOR, HEALTH AND HUMAN SERVICES, AND EDUCATION AND RELATED AGENCIES APPROPRIATIONS FOR FISCAL YEAR 1984

MONDAY, MAY 2, 1983

U.S. SENATE,
SUBCOMMITTEE OF THE COMMITTEE ON APPROPRIATIONS,
Washington, D.C.

The subcommittee met at 8:29 a.m., in room SD–116, Dirksen Senate Office Building, Hon. Lowell P. Weicker, Jr. (chairman) presiding.

Present: Senator Weicker.

NONDEPARTMENTAL WITNESSES

Senator WEICKER. We'll come to order.

Today we're continuing our public witness hearings on the fiscal year 1984 budgets for many of the programs within the Departments of Labor, Health and Human Services and Education, as well as the related agencies within the subcommittee's jurisdiction.

The timing light system is there, not for my convenience, but to accommodate the literally hundreds of public witnesses that the committee will hear. And I hope you'll bear with me because I far prefer using this than cutting anybody off.

And I also want to say to you that it's particularly difficult in the sense that the public testimony that I have heard is by far and away the most moving and most to the point. You know, those of us who are in the Senate and the House, we hear the bureaucrats and the politicians day in and day out. And I think that all of us on the committee would agree that the layman's point of view is a very fresh one and a very telling one.

So it's not because subject matter that I have to use the system here, but rather, to accommodate all those that want to be heard. And I would appreciate it if you would abide by it.

STATEMENT OF CAROLYN G. BAXTER, R.N., EXECUTIVE DIRECTOR, BETTER FAMILY PLANNING, INC., PHILADELPHIA; NATIONAL FAMILY PLANNING AND REPRODUCTIVE HEALTH ASSOCIATION, INC.

Senator WEICKER. Our first witness this morning is Carolyn Baxter, executive director of Better Family Planning, Inc., in Philadelphia.

Nurse Baxter is here on behalf of the National Family Planning and Reproductive Health Association.

Nurse Baxter, make yourself comfortable and when you're ready to talk, all of a sudden you'll see the lights flash and you're off and running. [Laughter.]

Ms. **Baxter**. I'm Carolyn G. Baxter, registered nurse, and I'm appearing before you today on behalf of the National Family Planning and Reproductive Health Association. A member of NFPRHA, I am executive director of Better Family Planning, Inc., an organization established in 1967 by a group of black civic and religious leaders for the purpose of providing family planning services in the disadvantaged areas of Philadelphia, Pa.

It is my privilege to present to you today NFPRHA's recommendations regarding fiscal year 1984 appropriations for title X family planning programs. I will briefly outline now our concerns and recommendations and request that NFPRHA's complete written statement be considered and included in the record of this hearing.

Title X is the primary voluntary family planning program funded by the Federal Government. Often, title X programs are the only ambulatory health care program available for low-income women and teenagers in a particular locale and thus serve as the primary medical service for these individuals.

For example, many of the patients of Better Family Planning enter the health care system for the very first time through BFP clinics, developing a new attitude toward health care which previously have been primarily crisis-oriented. The Reagan administration has consistently sought to repeal the title X program for ideological and political reasons and, failing that, to significantly reduce the program's funding and undertake administrative harassment designed to destroy the integrity of the national family planning program and render it ineffective and incapable of providing needed comprehensive and congressionally mandated services.

For over 2 years, the Reagan administration has attempted to augment its budget cuts with harassment of the title X program by audits, personnel, and organizational transfers and untenable and illegal policy changes.

In 1981, 1982, and again in 1983, the Reagan administration proposed to repeal title X as a categorical grant program and place it in a block grant. Congress has twice rejected, and we hope and expect it to reject for a third time, this misguided block grant proposal for family planning. While the administration has not been successful in its block grant attempts, it has successfully reduced funding for family planning programs from $162 to $124 million. Thus, for 2 years, family planning agencies have operated on budgets reduced on the average by almost one quarter from fiscal year 1981. Such a reduction has had a drastic deleterious effect on family planning agencies and the people they serve. Better Family Planning is a good example. At the time BFP was founded in 1967, it was the only agency providing family planning services within the low-income black and Hispanic communities in Philadelphia. Through our philosophy and methods, we brought the community to believe in the program and the relevance of it to their lives.

A basic tenet of BFP is that quality service must be provided, meaning convenient location, clinic hours appropriate to the needs of the patients, individual attention, a pleasant environment, qualified medical and paramedical personnel, and services comparable to those in a private physician's office.

Most importantly, all services must be provided on a voluntary basis without coersion in any form. Services are made available to all persons, regardless of race, creed, religion, age or marital status.

Another feature of the BFP approach is its policy of making contraceptive information and supplies available as a part of a more general program of family life and maternal health services. This, too, seems to have contributed to the acceptance of the program.

Each center's location was determined by the need of the community and the sponsorship of local community action organizations and/or churches. The areas to be served were selected on the basis of known large concentrations of disadvantaged persons and the absence of accessible medical service. The physical location of each center was chosen for its convenience to the residents of the community, as were the days and hours it was to operate.

BFP grew from one to nine clinics by November 1970, with clinics located in north, south, and west Philadelphia. Four of the nine clinics closed between 1975 and 1978, primarily because of the declining patient load at these sites and a proliferation of family planning clinics throughout the city.

By closing certain clinics, we were able to concentrate our efforts in communities where the need was great and the acceptance rate high.

BFP serves an indigent population; 91.9 percent of our patients are at or below 150 percent of the Federal poverty level. The number of unemployed patients not on welfare has increased dramatically over the past 2 years. These are the patients who are in need of subsidized services. Without adequate funding through title X, services to these patients might be curtailed or eliminated entirely.

A fairly large percentage of our patients have low paying or part-time jobs, where the total income is needed for basic human needs, such as food and shelter. There is no money available for health care.

The Federal budget cuts have resulted in many changes for Better Family Planning and its patients. For example, staff has been reduced by 27.3 percent over the past 2 years. Two out of four clinics have been closed. Program activities have been curtailed. Patient recruitment and outreach efforts have been reduced. Community education programs have been reduced. And certain health screening tests that were optional under title X program guidelines have been eliminated.

The number of patients BFP serves has not only stopped increasing, but has begun to decline. Patient fees have been increased and we have attempted to maximize our medicaid reimbursement levels.

Further, in order to ameliorate some of the budget cuts, we have increased our efforts to secure funding from other sources, such as foundations, corporations, individual donors, and fundraising events. These are some of our efforts to counteract this administration's reduction in support of family planning programs. Further cuts will severely hamper our ability to continue providing quality care to the ever-increasing number of those in need of reproductive health care in Philadelphia.

We have been unable to increase the number of patients served and thereby meet the need for service in the community because of inadequate funding. We need more funds to hire a staff in order to expand our recruitment and outreach efforts, as well as our community education program and to reopen closed clinics.

Senator WEICKER. Ms. Baxter, we're about 3 minutes over the mark here, and I've got to stick to it. I have a question I want to ask you and I want to make sure that we have a minute for that.

We received testimony last week from the health director of Philadelphia as to the infant mortality rate being at 27 per 1,000, I think, in Philadelphia. That's considerably above the national average. And he indicated that those figures were not dissimilar to situations in other American cities.

Now do you feel that that is directly related to the lack of services in this area of counseling? I'm talking about all that which precedes, if you will, the actual having of the baby, that deals with the health of the mother and the type of advice that comes forth from centers such as you represent.

Ms. BAXTER. Yes, we do. We have found that women are going for prenatal care much later in the pregnancy than they ever have before. People are just showing up to have their babies delivered. And the younger the pregnant women are, the more likely they are not to have received any counseling or education regarding the pregnancy. That is something that family planning programs do offer, counseling and education in the area of prenatal care, because our concern is the conception of healthy, wanted children.

Senator WEICKER. And I notice that there's been quite a bit said lately about the effect of herpes on the child that's born in terms of being debilitating to the child's health. Is this also something that is covered?

Ms. BAXTER. Yes; if a person were receiving health care and had a physical examination, herpes could be picked up. If the mother is infected at the time of delivery, it could have a devastating effect on the infant.

PREPARED STATEMENT

Senator WEICKER. Well, I thank you very, very much for your testimony. Again, I'm sorry that we have to cut you short. But your statement in its entirety will be included in the record and I can assure you that all of us have made a point of reading the statements of the public witnesses. And I thank you very much.

Ms. Baxter. We thank you very much for the opportunity to have presented this information to you.

[The statement follows:]

STATEMENT OF CAROLYN G. BAXTER

RECOMMENDATIONS OF THE NATIONAL FAMILY PLANNING AND REPRODUCTIVE HEALTH ASSOCIATION FOR FISCAL YEAR 1984 APPROPRIATONS FOR THE TITLE X (PHS ACT) FAMILY PLANNING PROGRAM

Title X is the primary voluntary family planning program funded by the federal government. Often, Title X programs are the only ambulatory health care programs available to low-income women and teenagers in a particular locale, and thus serve as the primary medical service for these individuals.

The Reagan Administration has consistently sought to repeal the Title X program for ideological and political reasons, and failing that, to significantly reduce the program's funding and undertake administrative harassment designed to destroy the integrity of the national family planning program and render it ineffective and incapable of providing needed comprehensive and Congressionally-mandated services. For over two years, the Reagan Administration has attempted to augment its budget cuts with harassment of the Title X program by audits, personnel and organizational transfers, and untenable and illegal policy changes.

Despite the attempts of the Reagan Administration, the successes of the Title X program cannot be ignored, and they speak forcefully for NFPRHA's appropriations requests. Full funding would reverse the slide of the last two years, bring the program to a funding level almost approximating that which it enjoyed three years ago, allow family planning agencies to restore needed services, and signal the Congress' commitment to an important federal preventive health care program which is effective, cost-efficient, and of extraordinary national importance.

Therefore, the National Family Planning and Reproductive Health Association, Inc. (NFPRHA) submits the following recommendations for fiscal year 1984 appropriations for the Title X (PHS Act) family planning program to the Committees on Appropriations of the United States Senate and House of Representatives:

1. Appropriate $155,000,000 for programs under Title X:
   $150,830,000 for service program grants and contracts;
   $3,500,000 for training program grants and contracts;
   and $670,000 for the development and testing of informational and educational materials.
2. Appropriate $115,000,000 for the Center for Population Research within the National Institute of Child Health and Human Development.
3. Reject Administration efforts to place federal support for family planning services into a primary care block grant.

I am Carolyn G. Baxter, R.N., and I am appearing before you today on behalf of the National Family Planning and Reproductive Health Association, Inc. (NFPRHA). A member of NFPRHA, I am Executive Director of Better Family Planning, Inc., an organization established 1967 by a group of black civic and religious leaders for the purpose of providing family planning services in the disadvantaged areas of Philadelphia, Pennsylvania. It is my privilege to present to you today NFPRHA's statement regarding the subject of this hearing: fiscal year 1984 appropriations for programs authorized under Title X of the Public Health Service Act, "Population Research and Voluntary Family Planning Programs."

The National Family Planning and Reproductive Health Association (NFPRHA) is a national nonprofit membership association headquartered in Washington, D.C., established to improve and expand the delivery of family planning and reproductive health care services throughout the United States. Our members -- consumers of family planning services; state, county and local health departments; hospital-based clinics; affiliates of the Planned Parenthood Federation of America; umbrella funding councils; independent private nonprofit clinics; and health care professionals -- are committed to establishing and maintaining reproductive health care as a high priority preventive health care service in this country. Included in NFPRHA's membership are representatives of over 75% of the Title X grantees who, in 1982, received over 82% of the funds available for family planning services under Title X.

Title X is the primary voluntary family planning program funded by the federal government. While other federal programs provide some support for family planning services (i.e., Titles V [Maternal & Child Health], XIX [Medicaid] and XX [Social Services] of the Social Security Act), Title X is by far the largest single source of funding, providing over 50% of available federal support and the national network of family planning agencies through which all subsidized services are provided. The program's priority is to serve a population of approximately 11 million women at risk of unintended pregnancy, including 5 million adolescent women ages 15 to 19 and 6 million adult women ages 20 to 44 in families with incomes below 200% of poverty.

Often, Title X programs are the only ambulatory health care programs available to low-income women and teenagers in a particular locale, and thus serve as the primary medical service for these individuals. Title X clinics are literally the entry point for millions of women and their families into any kind of health care system; many of the patients of F ter Famiy Planning entered the health care system for the first time through BFP clinics, developing a new attitude towards health care which, previously, had been primarily crisis oriented. BFP is typical of Title X programs, offering clinical health services (physical examinations, family planning information and services, pap tests, venereal disease screening and treatment, hemoglobin tests, urinalysis, pregnancy testing and diagnosis and treatment of minor vaginal infections), counseling services (for teenagers/adolescents, medical problems, parent/teen, nutrition infertility, maternal and child health and problem pregnancies), services for males (counseling, education, condoms), special teen clinics, adolescent health education programs and community education programs.

In fiscal year 1981, Congress appropriated $166 million for Title X programs, subsequently reduced by a rescission to $162 million. Under the terms of P.L. 97-35, the extraordinary Omnibus Budget Reconciliation Act of 1981, the Title X program was reauthorized for three years, through fiscal 1984, and its appropriations authorizations were reduced to $130 million in fiscal 1982, $143 million in fiscal 1983, and $155 million in fiscal 1984.

The Reagan Administration has consistently sought to repeal the Title X program for ideological and political reasons, and failing that, to significantly reduce the program's funding and undertake administrative harassment designed to destroy the integrity of the national family planning program and render it ineffective and incapable of providing needed comprehensive and Congressionally-mandated services. In 1981, 1982 and again in 1983, the Reagan Administration proposed to repeal Title X as a categorical grant program and place it in a block grant. Congress has consistently recognized that family planning is a national need which transcends state, county and local borders. It agreed with NFPRHA and other supporters of the family planning program that the high incidence of teenage sexual activity, of venereal disease, of unplanned births, of adolescent pregnancy, and of abortions across the country will be brought under control only with a national effort. Congress concurred that strong federal support and direction are required to assure that every person seeking family planning services receives high quality, comprehensive and competent care, no matter in what state or locality he or she resides. Thus, Congress has twice rejected, and we hope and expect it to reject for a third time, the Administration's misguided block grant proposal for family planning.

In 1981, unable to convince the Congress to repeal Title X, the Reagan Administration sought a 23% reduction in Title X funding from the level authorized for fiscal 1982 while seeking only a 12% reduction for all other health services programs. Congress wisely rejected the Administration's efforts and did not discriminate against Title X when settling on an across-the-board 4% domestic program spending reduction, thereby providing Title X an appropriation for fiscal 1982 of $124.8 million. For fiscal 1983, Congress and the Administration agreed to a spending "freeze" for domestic programs, resulting in a fiscal 1983 appropriation for the categorical Title X program of $124 million. Thus, for two years family planning agencies have operated on budgets reduced on average by almost one quarter from fiscal 1981. Such a reduction has had a drastic deleterious effect on family planning agencies and the people they serve. Better Family Planning, Inc. (BFP) is a good example.

At the time BFP was founded in 1967, it was the only agency providing family planning services within the low-income Black and Hispanic communities in Philadelphia. Through our philosophy and methods, we brought the community to believe in the program and the relevance of it to their lives.

From the outset, a basic idea influencing the operation of BFP has been that to be successful such a program must have the support of local institutions. Accordingly, BFP clinics were attached to settlement houses, churches and other establishments which were already accepted by the community. Observations indicate that the clinics achieved a high degree of legitimacy as a result of this philosophy.

A second basic tenet of BFP is that quality service must be provided, meaning convenient location, clinic hours appropriate to the needs of the patients, individual attention, a pleasant environment, qualified medical and paramedical personnel and services comparable to those in a private physician's office. Most importantly, all services must be provided on a voluntary basis without coercion in any form. Services are made available to all persons regardless of race, creed, religion, age or marital status.

A third feature of the BFP approach is its policy of making contraceptive information and supplies available as part of a general program of family life and maternal health services. This, too, seems to have contributed to the acceptance of the program.

Each center's location was determined by the need of the community and the sponsorship of local community action organizations and/or churches. The areas to be served were selected on the basis of known large concentrations of disadvantaged persons and the absence of accessible medical service. The physical location of each center was chosen for its convenience to the residents of the community, as were the days and hours it was to operate.

Each center's sponsor lent its organization's name and prestige to the project. Each sponsoring agency was also fully involved in the decision-making process concerning the choice of their clinic's location, and the selection of personnel, both professional and nonprofessional. A Board of Directors was organized with each sponsor having representation on the Board.

BFP grew from one to nine clinics by November 1970, with clinics located in North, South and West Philadelphia. Four of the nine clinics closed between 1975 and 1978, primarily because of a declining patient load at these sites and a proliferation of family planning clinics throughout the city. By closing certain clinics we were able to concentrate our efforts in communities where the need was great and the acceptance rate high.

BFP serves an indigent population; 91.9% of our patients are at or below 150% of the federal poverty level. The number of unemployed patients, not on welfare, has increased dramatically over the past two years. These are the patients who are in need of subsidized services. Without adequate funding through Title X, services to these patients might be curtailed or eliminated entirely. A fairly large percentage of our patients have low-paying or part-time jobs where the total income is needed for basic human needs such as food and shelter. There is no money available for health care.

The federal budget cuts have resulted in many changes for BFP and its patients. For example, staff has been reduced by 27.3% over the past two years. Two out of four clinics have been closed. Program activities have been curtailed: patient recruitment and outreach efforts have been reduced; community education programs have been reduced; and certain health screening tests that were optional under Title X program guidelines have been eliminated. The number of patients BFP serves has not only stopped increasing, but has begun to decline. Patient fees have been increased, and we have attempted to maximize our Medicaid reimbursement levels. Further, in order to ameliorate some of the budget cuts, we have increased our efforts to secure funding from other sources such as foundations, corporations, individual donors and fund raising events.

These are some of our efforts to counteract this Administration's reduction in support of family planning programs. Further cuts will severely hamper our ability to continue providing quality care to the ever increasing number of those in need of reproductive health care in Philadelphia. We have been unable to increase the number of patients served and thereby meet the need for service in the community, because of inadequate funding. We need more funds to hire staff in order to expand our recruitment and outreach efforts as well as our community education program and to re-open closed clinics.

The goal of BFP and other Title X agencies is to continue to play an active role in helping families improve their lives, strengthen their families, achieve upward economic and social mobility and reduce the need for social welfare services. Federal support and the commitment of government leaders is essential to the achievement of this goal.

Support and commitment are the exact opposite of the Reagan Administration's position regarding the family planning program. For over two years, the Reagan Administration has attempted to augment its budget cuts with harassment by audits, personnel and organizational transfers, and untenable and illegal policy changes.

An unprecedented number of audits of Title X grantees was undertaken, at political instigation, by the DHHS Office of Inspector General and the General Accounting Office; absolutely no violations of law or regulation were found to have been committed. Yet despite that finding, the Office of Management and Budget recently proposed changes in accounting procedures for nonprofit recipients of federal funds to prohibit "political advocacy" by those recipients; the putatively illegal and unconstitutional changes were blamed by OMB in large part on "proof" supplied by the GAO audits of Title X agencies. The proposal and "proof" were met with such ridicule and substantative opposition by members of Congress, the nonprofit community and private industry that they were withdrawn.

The professional administrator of the Title X program was involuntarily transferred by the Administration and, for the first time in its history, the Title X program was placed under the authority of a political appointee rather than a professional career official experienced in the administration of a large health care services program. That transfer, and an attempt to remove the family planning office from the organizational structure containing all other DHHS health services delivery programs and place it formally within an office headed by a political appointee inexperienced in health program administration, were strongly criticized and former Secretary Schweiker withdrew the transfer of the office as a result of Congressional pressure. Undaunted, however, the organizational transfer was covertly made this January, and Congressional criticism has engendered the introduction of a concurrent congressional resolution of opposition (S.Con.Res. 21 and H.Con.Res. 93).

DHHS proposed, in direct opposition to explicit Congressional instructions, to abolish the service delivery improvement program which provides essential projects designed to improve the delivery of family planning services, gather and interpret data, and set medical standards, among others; only intense Congressional pressure forced the Administration to accede to previously stated Congressional policy and to fund nine SDI projects in fiscal 1982.

New Title X guidelines were proposed, then withdrawn after significant public and Congressional outcry, that would have severed family planning providers from projects providing abortion services at high costs to family planning providers and their patients, even though Title X programs have always been quite distinct from abortion service programs and repeated GAO and OIG audits have found that family planners are scrupulous about obeying the strictures in the Title X statute and regulations against the use of Title X funds for abortion services. And, despite the clear intent of Congress as upheld recently by two U.S. District Court judges, the Administration promulgated illegal parental notification regulations for imposition on Title X clinics and their patients.

Despite the attempts of the Reagan Administration, the successes of the Title X family planning program cannot be ignored, and they speak forcefully for NFPRHA's request that this subcommittee and Congress approve the maximum allowable appropriation for the Title X program for fiscal 1984. An appropriation of $155 million would reverse the slide of the last two years, bring the program to a funding level almost approximating that which it enjoyed three years ago, allow family planning agencies to restore needed services, and signal the Congress' commitment to an important federal preventive health care program which is effective, cost-efficient, and of extraordinary national importance.

The family planning program deserves a sufficient and adequate level of funding because it makes economic and personal sense. In its first decade, this program averted a total of 5.4 million unintended pregnancies, including 2.3 million births, 2.5 million abortions and 6 ,000 miscarriages. And it did so while averting significant government expenditures, as every government dollar invested in the family planning program saves at least two dollars within the next year in government funding for health and welfare services.

Yet despite this success in averting personal tragedies and unnecessary government spending, the Reagan Administration has initiated spending policies which will result, according to DHHS, in the number of low-income women and teenagers served by Title X agencies dropping from 4.1 million in 1980 to an estimated 3.3 million in 1983, and the number of clinic sites dropping from 5,000 to 4,000. It is axiomatic that these policies can only result in increases in the number of unintended pregnancies, with a concomitant increase in the numbers of unintended births and abortions in this country.

A fiscal 1984 appropriation of $155 million would provide $150,830,000 for family planning service program grants and contracts, $3,500,000 for training program grants and contracts, and $670,000 for the development and testing of informational and educational materials. Full funding would result in the provision of family planning services to an additional 795,000 individuals. With full funding, the national family planning program would prevent 800,000 unintended pregnancies in 1984 that would resullt in 280,000 births, 424,000 abortions and 96,000 miscarriages. Full funding for Title X would save the federal government $311 million in health and welfare costs in fiscal 1985.

Full funding would ensure that DHHS continues the important service delivery improvement program. These funds would be set aside to support projects which result in improved care to family planning patients. The projects NFPRHA feels should be supported with SDI funds fall into two major categories. First, activities to support the national Title X program such as the collection of planning data on the need for services and the conduct of conferences focusing on current program management issues. Second, service-related research and evaluation projects carried out primarily by service providers; NFPRHA believes SDI funds should not be awarded to research institutions (already funded by the Center for Population Research [CPR] within the National Institute of Child Health and Human Development) but must be focused on service evaluation directly applicable to improving care to Title X patients.

Full funding would ensure that general training programs would be increased and enhanced to prepare family planning staffs to perform better and meet new demands. General training programs have proven effective in resolving problems in grantee evaluation by DHHS, in introducing new federal or state policies, in instituting new functions in the family planning program, and in elevating Title X agency staffs nationally to a level of sophistication in the delivery of services which is not generally found in other health delivery programs. General training programs have assisted underserved communities by training individuals indigenous to their communities and thus their new-found skills remain in the community over relatively long periods of time. Experience in the private and public sectors has demonstrated that general training programs are crucial to growth and maintaining high levels of efficiency.

Full funding would ensure that OB/GYN nurse practitioner training programs would also be increased and enhanced. Title X-funded nurse practitioner training grants provide low-cost training ensuring the steady availability of trained, skilled nurse practitioners. These practitioners are needed to provide family planning services in areas without physicians or where physicians will not serve low-income patients. Historically, available family planning training funds have been distributed in a formula of 2 to 1, general training to nurse practitioner training. We urge that DHHS support nurse practitioner training projects with $1 for every $2 provided to general training projects.

Full funding would ensure that the development and evaluation of important informational and educational materials will continue. Currently, programs provide essential listings of materials available to family planners to assist them in providing high quality services, publish bulletins on issues of interest and use to family planning service providers, and serve as general resources for family planners in the availability of informational and educational materials. In the past, materials and curriculums have been developed to assist family planners and their patients, and full funding would allow that development to continue. But full funding would also permit greater evaluation of these and future materials and curriculums in tests around the country. And, full funding would permit greater development of public service announcements on important areas of family planning such as adolescent pregnancy, parenting and the role of parents in the sexuality education of their children and the use of family planning services.

In a related area, NFPRHA urges this subcommittee and the Congress to approve an appropriation of $115 million for the Center for Population Research. The biomedical and behavioral research conducted by CPR is integrally related to the delivery of family planning services, as recognized by the Congressional direction that such research be conducted being a part of the Title X statute. CPR's research includes research into new contraceptive technology, research and evaluation of the safety and efficacy of current contraceptive technology, research into the causes of infertility, and social and behavioral research designed to assist family planners and others better understand and meet societal needs in the area of reproductive health care.

Mr. Chairman, the National Family Planning and Reproductive Health Association is most appreciative of the support Congress, and this Subcommittee in particular, has evidenced for Title X in the past. By appropriating full funding of $155 million for Title X programs and $115 million for the Center for Population Research, and by including in committee reports clear directions to DHHS about the types of activities that it desires be supported with those funds, Congress will this year take the exceedingly important step of signaling to this Administration its strong support of the national family planning program. We thank you for the opportunity to present our comments and recommendations to you today. If there is any further information which NFPRHA can supply to assist you in your deliberations, we would be most happy to provide it.

STATEMENT OF WILLIAM L. PIERCE, PRESIDENT, NATIONAL COMMITTEE FOR ADOPTION

Senator WEICKER. Mr. William Pierce, president of the National Committee for Adoption.

Mr. PIERCE. Good morning, Mr. Chairman.

Senator WEICKER. Good morning. Again, I really have to ask everybody to abide by the clock. You see, this was given to me by somebody back in 1981, the Wood Manufacturers Association. It sounds like this [bang], and really, on a Monday morning, I don't want to listen to that. [Laughter.]

So if we can, please, just watch the lights.

Mr. PIERCE. I don't want to hear it, either. [Laughter.]

Thank you very much for allowing us to testify this morning, Mr. Chairman. I will summarize our statement and ask that the full text be included in the record, please.

One of the things that I would like to start out with is a paragraph from a recent study which was published by Dr. Christine Bachrach, who is a statistician with the U.S. National Center for Health Statistics. And I think that as we talk about futures for children and futures for young women, it's important to focus on children, especially. I'd like to read just part of one paragraph from her study which was published in the February issue of the Journal of Marriage and the Family because I think it points out in a very clear way why we believe that young women should be given good counseling about adoption as one of their options and why we support very strongly the adolescent family life appropriations because we think, properly focused, that it will end up with many more young women really choosing not only something which is better for themselves, but something which is also better for their children.

In her study, Dr. Bachrach says:

> The data presented here reveal a sharp contrast between the privileged economic circumstances of adopted children and the extremely disadvantaged economic status of children with never-married mothers. Adopted children also appear advantaged with respect to the presence of a father in the household and the educational attainment of their mothers. These differences are not greatly diminished when the sharp differences in racial composition between the two groups are taken into account.

We have summarized part of her study in our current April newsletter, which is in one page on the front of this newsletter.

I think it would be interesting reading and I think it will help diffuse some of the controversy that exists around adoption. Adoption is, quite frankly, seen by us as an option which, if we look at it properly, is really a feminist choice for many young women because it does enable them to complete their education, their careers, and have the same kinds of real choices that all of us want for women in our society.

Now briefly, about the National Committee for Adoption. We're a national voluntary membership organization for agencies and individuals. Our members believe that adoption is a positive option for young, single, or troubled parents to consider when making a plan for their unplanned or unwanted pregnancies. Our member agencies are all nonprofit, voluntary social service agencies which provide pregnancy testing, pregnancy counseling, maternity, home and other residential care, health and educational services to pregnant adolescent girls, the father of the babies, and their families.

Most of the agencies also offer adoption counseling and placement services to pregnant adolescents and serve prospective adoptive couples in learning how to build their families through adoption. Four of our member agencies are currently receiving funding through the Adolescent Family Life law. The Arizona Children's Home Association has a linkage agreement with Tucson Unified School District to provide social services and adoption information and placement services for those women who are interested. The YWCA of St. Petersburg, Fla., has a comprehensive services program which includes adoption counseling. But the YWCA is not a licensed adoption placement agency. Children's Home Society of Minnesota received one of the two research grants specifically focused on learning more about the adoption option. Working with other Minnesota agencies adolescent clients, the research project will examine the characteristics of adolescents who choose to parent as compared to those adolescents who make adoption plans.

Catholic Family Services of Amarillo, Tex., is a combination project which offers both prevention and care services.

These projects are very, very interesting and I would certainly ask you to request both from the Office of Adolescent Pregnancy, as well as from the grantees themselves, details on what they have accomplished. This year, as last, we would respectfully submit that we need to have the full appropriation for this program. Thirty million dollars amounts to only $30 per pregnant teenager in this country.

We know that the money can be effectively spent and we respectfully ask that you consider appropriating it.

Senator WEICKER. Now let me understand. The funding levels that are being requested, do you consider those adequate or not?

Mr. PIERCE. We do not consider them adequate.

Senator WEICKER. By what measure?

Mr. PIERCE. By about half. The administration has requested $16,318,000 for fiscal year 1984—and we would like $30 million, the full appropriation level.

The number of very excellent research proposals that came in to NIH, the number of very excellent operational programs that came in really do reflect the fact that we could spend that money well. Now they were only able to fund, for instance, two projects out of many that they got from your State, and the same is true for many, many other States.

Thirty million dollars is really quite minimal. That's even less than the appropriation was under the predecessor legislation which Senator Kennedy had enacted back when Lila Mae Nix was the director of the program.

So we feel that it would be very cost effective.

PREPARED STATEMENT

Senator WEICKER. Thank you very much, Mr. Pierce. We appreciate your testimony.

Mr. PIERCE. Thank you, Senator.

[The statement follows:]

STATEMENT OF WILLIAM L. PIERCE

The National Committee For Adoption is a national, voluntary membership organization for agencies and individuals. Our members believe that adoption is a positive option for young, single or troubled parents to consider when making a plan for their unplanned or unwanted pregnancy. Our member agencies are non-profit, voluntary social services agencies which provide pregnancy testing, pregnancy counseling, maternity home and other residential care, health and educational services to pregnant adolescent girls, the fathers of the babies, and their families. Most of the agencies also offer adoption counseling and placement services to pregnant adolescents and serve prospective adoptive couples in learning how to build their families through adoption. Four of our member agencies are currently receiving funding through the Adolescent Family Life Law: The Arizona Children's Home Association has a linkage agreement with the Tuscon Unified School District to provide social services and adoption information and placement services for those young women interested. The YWCA of St. Petersburg, Florida has a comprehensive services program which includes adoption counseling, but the YWCA is not a licensed adoption placement agency. Children's Home Society of Minnesota received one of the two research grants specifically focused on learning more about the adoption option. Working with other Minnesota agencies' adolescent clients, the research project will examine the characteristics of adolescents who chose to parent as compared to those adolescents who make adoption plans. Catholic Family Services, Amarillo,Texas is a combination project for both prevention and care services. Working to develop positive media outreach about the availability of comprehensive serves for pregnant adolescents is an important component of Catholic Family Services' project. Through our member agencies and Board of Directors we have made known our support of the efforts of the Office of Adolescent Pregnancy Programs (OAPP) to demonstrate through comprehensive community approaches that problems associated with adolescent sexual activity and adolescent pregnancy and parenthood can be alleviated. Therefore we recommend that the Subcommittee give serious consideration to recommending that the authorized level of funding be appropriated for this law--$30 million.

As this Subcommittee knows, the President's budget request for 1984 is $16 million, a $3 million increase over the appropriation level for 1983, although $16 million was requested by the President for fiscal year 1983 as well. We ask the Subcommittee--at the least-- to endorse the President's funding request. We would also like to discuss our views on why the full authorization level of the Adolescent Family Life (AFL) law of $30 million per fiscal year should be approved by this Subcommittee.

The AFL law was preceeded by the Adolescent Health, Services and Pregnancy Prevention and Care Act (Title VI of P.L. 95-626) of 1978. During its three year life, $18.5 million was appropriated and 38,000 teenagers were served. The AFL law has received $11 million in FY 1982 and$13.33 million in FY 1983. The Office of Adolescent Pregnancy Programs received more than 400 grant applications for demonstration projects for prevention or care services to pregnant adolescents and their families. 50 programs were funded, using FY 1982 funds. Research progosals were submitted by 140 applicants, including social services agencies, universities and other recognized research groups. Only 25 proposals received approval by two panels convened by the National Institutes of Health. Of these, 12 research projects were funded. The grant awards totalled $10 million for FY 1982. Of the 50 demonstration projects, the majority of the awards were made on a three-year basis, therefore FY 1983 funds are mainly obligated to continue the existing grants. Only three of the research projects were funded on a multi-year basis, so there may be an opportunity for further research awards, using FY 1983 funds.

Because the grants are prepared on the basis of a three year funding cycle, this means that FY 1984 funds are mainly obligated also. The law does require a 10% reduction in Federal share for the third year demonstration grants, so that there will be a somewhat larger amount of unobligated funds with an appropriation level of $16 million for FY 1984. However, in order to build on the momentum acheived by the Federal government during the implementation of the Adolescent Heath, Services and Pregnancy Prevention and Care Act and the first two years of the Adolescent Family Life law, $30 million is what's needed for an effective demonstration, the National Committee For Adoption believes.

The current AFL grantees are establishing services for two groups of adolescents. First, pregnant teenaged women, the young teenage men who fathered their babies, and their parents are benefitting from a wide range of health, education and social services mandated by the law to be provided by a"care and services"grantee. Second, through education and outreach, "prevention" grantees are helping adolescent boys and girls and their parents realize the consequences of pre-marital sexual activity and providing encouragement to refrain from premarital sexual relations. The research component of the AFL law is focusing on the consequences of adolescent sexual activity and adolescent parenthood, as it relates to performance in school, job skills attainment, and dependence on governmental programs such as Aid to Families with Dependent Children, Medicaid, Food Stamps, or foster care and child abuse prevention programs.

The National Committee For Adoption is especially pleased with the awarding of two of the twelve research projects on the adoption option. As already mentioned, the Children's Home Society of Minnesota, along with other pregnancy counseling agencies in the State, is developing a sample of 60 teenaged women who made adoption plans for their babies and 60 teenaged women who are trying to parent. The interviews with these women will seek out information about the adolescent psychological development and decision-making process,about family, peer and male partner influence on the decision-making process, socio-demographic characteristics, personal biography and critical incidents, and agency influence on decision-making process between choosing adoption and choosing to parent. The results should yield helpful information for pregnancy counselers who must struggle to understand the limits of the adolescents' decision-making capabilities and then interpret adult-level decisions for adolescents who must make the serious choice for adoption or single parenting. The results should also help policy makers project what are the characteristics which are most often associated with what choice for pregnant adolescents in order to plan the necessary services and funding levels.

The second research project is being conducted by the University of Illinois' School of Social Work. It is a unique project, one which is going to assess the attitudes of pregnancy counselors toward adoption. A random sample of 100 counselors on the staffs of social services agencies and health facilities in Illinois will be studied with regard to their beliefs about adoption, their factual knowledge about the adoption process, and their perceived influence on the decisions made by their adolescent clients. This survey should also be able to determine the extent to which adoption is presented as an alternative to adolescent parenthood by these counselors. The practical assistance from this study is evident. If valid conclusions about how pregnancy counselors perceive the adoption option and therefore how the option is presented compared to the presentations for abortion, marriage or single parenthood can be reached, gaps in knowledge will be filled. Training about the adoption option could be modeled on the results of this study. Pregnancy counselors will be able to step-back and review their own attitudes based upon the results of this study. Program developers will be able to take strengths and weaknesses about beliefs and knowledge about adoption into account when developing new programs for pregnant adolescents.

These are only two of the projects. Of course, descriptions of the demonstration projects and other research projects are what brings the Adolescent Family Life law "to life". We urge the Subcommittee to request further information about the current grantees--either from the grantees directly or through the work of the Office of Adolescent Pregnancy Programs. We are convinced that upon careful review of the kinds of services being provided by this diverse set of community projects, the Subcommittee would agree that the AFL law is unique and could be even more effective. These projects and research must be publicized and then , replicated, so that more than 50 communities in the United States will be serving pregnant adolescents and their families with comprehensive services based upon models that have been tested. In order to do the necessary publications and dissemination, the $30 million level is warranted, we strongly suggest to the Subcommittee.

The National Committee For Adoption sees the Adolescent Family Life program as a very useful addition to the array of health and social services programs now being funded through the Department of Health and Human Services. The AFL law is unique in that it is focused on a very important group of pregnant women--teenagers. It is also unique in its capabilities to demonstrate what kinds of programs work best so that pregnant teenaged women make the best choices possible for themselves and for their babies. Clearly, the law is a focal point for the Health arm of HHS, as well as for the Social Services and Welfare arms of HHS, to address the needs of a population of very young mothers who require much attention, much governmental support, as well as family support,in order to become successful mothers and independent adults. And we must not forget the children of this teenaged mothers. Their futures depend upon the security and success of their parents. The AFL law not only recognizes the needs of adolescent parents, but also acknowledges that some young women will decide that their babies' future will be better if they choose adoption. The AFL law is an "alternatives" law. Only with the opportunity to know what alternatives lie ahead can a pregnant, teenaged women, a teenaged father and their families begin to make the right choices. The projects funded with the appropriations from the AFL law are providing this necessary set of supportive services to these families. We urge the Subcommittee to support the appropriations level which will maintain the Adolescent Family Life law as a focal point for what services make sense, both from a human factor as well as an economic one.

Thank you for providing the National Committee For Adoption with this opportunity to testify on behalf of the $30 million appropriations level for the AFL law's third year of operations in fiscal year 1984.

STATEMENT OF MARION BIGELOW, PRESIDENT, PLANNED PARENTHOOD LEAGUE OF CONNECTICUT; PLANNED PARENTHOOD FEDERATION OF AMERICA, INC.

Senator WEICKER. Next before the committee, Marion Bigelow, president of the Planned Parenthood League of Connecticut, Planned Parenthood Federation of America, Inc.

Marion is a long-time personal friend of the chairman and we're delighted to have you here. Did you come down from Stonington last night or this morning?

Ms. BIGELOW. Last night.

Senator WEICKER. Marion, good to have you before the committee and you go right ahead.

Ms. BIGELOW. Mr. Chairman, title X of the Public Health Service Act is the core of the national family planning program. Its integrity and its effectiveness have been vigorously challenged, especially in the past 2 years. The program has emerged from these challenges with its purpose and its administration unblemished. There are two simple explanations for the program's survival: its impressive accomplishments, and the considerable remaining need for subsidized family planning services.

In the year of 1979 alone, no less than 800,000 low-income women and teenagers served by the title X family planning program in the

United States successfully averted unwanted pregnancies. Of those 800,000 women, 420,000 would have sought abortions. An estimated $558 million in Government funds for medical care, social services, welfare and public housing was, therefore, saved, as well as untold unhappiness.

This is a direct result of the national family planning program, a network of 5,000 family planning clinics covering every U.S. county.

The Planned Parenthood Federation of America has 190 community-based affiliates in 43 States that are part of the clinic network, a network which includes public health departments, hospitals, health maintenance organizations, and other public and private nonprofit health centers. Together, and with the help of Federal funds, we were able to reach 4.6 million individuals in 1980, with planned parenthood clinics serving 26 percent of the total. We were able to provide at free or reduced cost voluntary family planning services that most of these patients otherwise would not have been able to obtain or afford.

The range of services in a family planning clinic includes a complete medical examination and vital screening for cervical and breast cancer, sickle cell anemia, hypertension, and venereal diseases.

Since title X's inception in 1970, the national organized family planning program has grown and developed into one of the Federal Government's most successful efforts. Its cost effectiveness is perhaps unparalleled among Federal programs, saving $2 in short-term public health and welfare costs for every dollar spent this previous year.

For teenagers, the result is even more dramatic, where each dollar saves $3 the very next year.

About two-thirds of all poor and disadvantaged women and half of all teenagers at risk are unable to obtain family planning services. Part of that unmet need resulted in 1.6 million abortions last year, one-third involving teenagers.

These statistics reflect conditions before the Federal budget cuts were imposed in 1982. The Department of Health and Human Services has estimated that about 500,000 fewer women will obtain program services and that 1,000 clinic sites will close during 1983.

I'm skipping now, so I hope it hangs together.

Senator WEICKER. That's all right.

Ms. BIGELOW. In fact, education and community outreach in Connecticut has suffered most as a result of funding reductions. In Hartford, the very successful human awareness program at Weaver High School will be halved this year. The director of the New Haven Health Department believes so strongly in providing subsidized family planning services that she has cut back on other critical activities such as community outreach, which is so important.

Mr. Chairman, we thank you for your past support of title X. We urge you to do all that you can to insure that in 1984, family planning services are available so that no one in need need be turned away.

Senator WEICKER. Something perplexes me, and I was wondering if anybody has an explanation—more specifically, Marion, you—and anybody else that cares to comment. I happen to obviously represent one point of view on the abortion debates on the Senate floor, and I don't mean to get into that here. But it is relevant to the extent that the administration seeks to overturn the present Supreme Court ruling. One would think that if that were the case, then provision would be made elsewhere to take care of this situation.

In effect, the testimony that I'm hearing this morning is that the alternative, if you will, to abortion insofar as the Federal Government is concerned—is family planning clinics, advice, adoption, all these things—and the administration seems also to be committed to a declining role in that area.

So then the question arises, if you don't agree with the Supreme Court decision and you are trying to go ahead and cut the funding to the alternative, where does this leave everybody? I don't understand what the alternative is at that stage of the game.

Ms. BIGELOW. Well, I think it only goes one way. If family planning services are cut back, you are going to have more pregnancies because in statistics and the surveys that have been taken, it's been proven that—just take teenagers—only 2 percent of them will stop being sexually active. And you can only go so long crossing your fingers and then you become pregnant and have the child. And that, in turn, leads to the necessity for more subsidies and usually, the teenager's life—I'm just talking about teenagers here—has virtually been ruined because she's left school, she has no marketable skills, and what is she going to make of her life?

So it's more than one ramification. It encompasses a great deal.

Senator WEICKER. I might add that I like your statement, you can only go so long crossing your fingers. And I think on a lot of these administration policies, that's exactly what we're doing. And it is not working. That's the problem, it usually doesn't work.

PREPARED STATEMENT

I thank you very much for your testimony and it will be included in the record in its entirety. And thank you for making the effort to be with us this morning. We appreciate it.

[The statement follows:]

STATEMENT OF MARION BIGELOW

FAMILY PLANNING SERVICES

Mr. Chairman, as you are well aware, serious charges have been levelled over the past two years at Title X of the Public Health Service Act (PHSA), the core of the national family planning program. Its integrity, its effectiveness, and its underlying principles have been challenged very vigorously. The program has emerged from these challenges with its purpose and its administration unblemished. There are two simple explanations for the program's survival: its impressive accomplishments, and the equally impressive remaining need for subsidized family planning services.

Accomplishments of the National Family Planning Program

In the year of 1979 alone, at least 800,000 low-income women and teenagers served by the Title X family planning program in the United States successfully averted pregnancies they did not want. Of those 800,000 women 420,000 would have sought abortions. And $558 million in government funds for medical care, social services, welfare and public housing would have had to be spent. These accomplishments of a single year were directly attributable to the "national family planning program"--a network of 5,000 organized family planning clinics covering every U.S. county, for which Title X has been the core and major source of federal support for the last 13 years.

The Planned Parenthood Federation of America (PPFA) is proud that 190 of our community-based affiliates in 43 states are part of that clinic network, a network that also comprises public health departments, hospitals, health maintenance organizations and other health centers. Together, and with the help of government funds, we were able in 1980 to reach 4.6 million individuals, of whom Planned Parenthood affiliates served 26 percent. We were able to provide at free or reduced cost, voluntary family planning services they otherwise would not have been able to obtain. These family planning services went far beyond the simple prescription of a contraceptive method, for the range of services in a family planning clinic includes a complete medical examination and vital screening for cervical and breast cancer, sicle cell anemia, hypertension and venereal diseases, as well as counseling and education.

Planned Parenthood is also proud to be part of a federally-supported effort that has averted hundreds of thousands of unintended pregnancies, and the abortions that would have resulted from them, over the last decade--and to have done so at a significant saving to the taxpayer. For every dollar invested by the government in family planning, a minimum of $2.00 in government health and welfare expenditures for unwanted pregnancies is saved in the next year alone. For teenagers, the benefit-to-cost ratio is even higher: $2.90 is saved for every dollar invested the year before.

The Continuing Need

Still, about two-thirds of all poor women and half of all teenagers at risk of unintended pregnancy are not able to obtain family planning services from either organized clinic programs or private physicians. Perhaps as a partial result, there were 1.6 million abortions last year, one-third occurring to teenagers. There were also over 1 million teenage pregnancies--almost all unintended.

Moreover, it is important to note that while the national infant mortality rate is still on the decline (measured at 11.7 infant deaths per 1,000 live births in 1981), it is significantly higher--and still rising--in selected areas of the country, often those associated with high unemployment. In Chicago, for example, it was 18.7 in 1981 and in Detroit 21.9. Along with improved maternal and child health care and better nutrition, expanded access to family planning services can be vital in helping to reduce the likelihood of infant death. The Surgeon General's 1979 report, Healthy People, states that babies of teenage mothers are twice as likely as others to be of low birth weight. And low birth weight is known to be the single most important factor associated with an increased risk of infant mortality. In providing the means to reduce the incidence of unintended pregnancy among teenagers and high-risk adult women, family planning contributes significantly to improved pregnancy outcomes.

Impact of Past Budget Cuts

Since FY 1982, when Title X funding was cut by more than 20 percent, the program has been struggling to continue providing quality services to as many as possible. The Department of Health and Human Services (DHHS) has estimated, however, that about 500,000 fewer women will obtain program services and that

1,000 clinic sites will close during FY 1983. Whatever "fat" may have once been in the system has long been eliminated, and now external costs are severely straining clinic budgets. For instance, the price clinics pay for oral contraceptives has more than tripled within only the last two years. This financial pressure has necessitated some steps backward in the way services are delivered. Almost all clinics have been forced to narrow the scope of their programs, usually at the expense of education and community outreach efforts, which mostly affect services to teenagers.

It is ironic that by virtue of federal cutbacks, many clinics are reluctantly being reduced to a traditional "medical model" approach to reproductive health care, while at the same time the Administration has accused them of inadequate counseling and inadequate efforts to involve the parents of teenage patients. These are only two examples of program efforts ancillary to the actual provision of medical services that many clinics want to continue, but it is understandable that as funding grows scarcer, they often are the first to be cut.

Other federal sources of family planning support have also been slashed. Until FY 1982, Title V (maternal and child health) of the Social Security Act required that six percent of its federal appropriation be reserved for family planning services. Title XX (social services) of that act also had provided a significant incentive for states to use these funds for family planning by committing the federal government to reimburse the states for 90 percent of their cost. Now, both programs are block grants, and the inducements to cover family planning services are gone. In all states, overall funding for these programs dropped in accordance with the cut in federal appropriations between FY 1981 and FY 1982. The decision by four more states to cease using Title V funds for family planning and by five more to exclude family planning from their Title XX programs suggests an equally disturbing trend where access to subsidized family planning services may begin to vary widely depending upon the state's fiscal and political climate.

Harassment

The national family planning program also has been subjected to continuous political harassment over the last two years. Contending with the proposed parental notification, or "squeal", rule heads the list, along with nationwide clinic audits by both the General Accounting Office and the DHHS Office of Inspector General (which found clinics to be in full compliance with the law), legislation proposed by the Administration for three consecutive years to repeal Title X, and indications that Title X guidelines are being developed that would penalize federally-subsidized clinics if they provide abortion services with private funds. Most recently, the entire Office of Family Planning, which administers Title X, was removed from the Health Resources and Services Administration and placed in the Office of the Assistant Secretary for Health under the sole control of a political appointee. This isolates family planning from the other major health services programs that have been administered together as part of a concerted public health effort for many years. There is also reason to believe that a major goal of the reorganization is to bring Title X into conformity with the philosophical principles of the Adolescent Family Life program, with its controversial parental consent requirements and its emphasis on promoting adoption while prohibiting even basic information about abortion.

PPFA has deep concerns about further politicization of family planning, especially about the "deprofessionalization" of the central DHHS office, which is causing confusion and instablity in the field and efforts to force it into the philosophical mold of the Adolescent Family Life Act. PPFA shares the sentiment expressed in S. Con. Res. 21 which calls for the return of the Office of Family Planning to the Health Resources and Services Administration.

POPULATION/HUMAN REPRODUCTIVE RESEARCH

The need for continued and expanded research in human reproduction and contraceptive safety continues in full force. Most experts believe that a single "perfect" contraceptive -- one that would be perfectly safe, perfectly effective, inexpensive, easy to use, reversible, and fully acceptable to all individuals seeking to avoid pregnancy -- is a long way from being developed, if indeed it ever is. But new and improved contraceptive methods must be developed, and -- as the recent FDA approval of the contraceptive sponge indicates -- they can be. Just last year, Congress' Office of Technology Assessment (OTA) stated in its report, "World Population and Fertility Planning Technologies: The Next 20 Years," "Present contraception development programs may develop many useful and new and improved contraceptives over the course of the next two decades if additional money is available." (Emphasis added.)

The United States will determine whether, throughout the world, such additional funding is made available. Today, our nation is responsible for by far the greater part of the funding invested in contraceptive development, and the Center for Population Research (CPR) in the National Institute of Child Health and Human Development (NICHD) is the single largest and most important funder of population research in the world. The rewards of such investment are illustrated by the recent FDA approval of the new contraceptive sponge -- a method of contraception in which NICHD alone had invested approximately $700,000. CPR funding is absolutely essential to mitigating, over the long run, current high rates of unintended pregnancy and recourse to abortion, both at home and around the world.

Unfortunately, the Administration's fiscal 1984 budget request for population and human reproductive research aims to curtail rather than expand funding in this area. In contrast to the fiscal 1983 budget of $92.219 million CPR administers for research in the reproductive sciences, contraceptive development and evaluation, and social and behavioral sciences, the Administration has requested a budget of $90.73 million, a reduction of almost $1.5 million. This budget will allow funding for contraceptive development and evaluation only to keep up with inflation, not even beginning to approach the effective three-fold increase in federal support OTA judged to be warranted last year.

And in the reproductive and social/behavioral sciences, the Administration would reduce funding by 2.9 percent and 5.6 percent respectively. Such funding reductions make no sense in light of the Administration's deep concern over the abortion issue and adolescent sexual activity. Indeed, it is CPR's social and behavioral science research funding which has generated much of what we know today about the tremendous health, social and economic costs of adolescent pregnancy -- to the adolescents and their families as well as society as a whole. And it is to CPR-funded research which we will look for answers to many of the questions surrounding this problem which remain. For example, it is CPR's social and behavioral sciences branch which is investing in research on the knowledge, attitudes, and practice of adolescents regarding initiation of sexual activity and contraceptive use. The information produced from this type of research is important to help us better design our programs to meet the needs of our teenage patients.

Summary of Recommendations

Family Planning Services

Title X has a proven record of accomplishment in addressing the critical national goals of promoting individual health and social well being. By contrast, the Administration's proposal to abolish Title X by way of a block grant (or, by implication, to level-fund the program if, as expected, it remains categorical) is inconsistent with its highly publicized opposition to abortion and its expressed concern over welfare dependency.

Full funding of Title X at the FY 1984 authorization level would not even restore the program to the level at which it was funded in FY 1981. It would allow, however, for almost five million people to obtain services. This means that a total of about 800,000 unintended pregnancies could be averted which, if they occurred, could be expected to result in 424,000 abortions, 280,000 births and 96,000 miscarriages. Moreover, funding at this level could be expected to yield the federal government a savings of roughly $311 million in FY 1985 alone.

Funding History

PPFA recommends:	FY 1984:	$155 million
	FY 1983:	$124 million
	FY 1982:	$124 million
	FY 1981:	$162 million

Population/Human Reproduction Research

Work at the Center for Population Research (CPR), housed at the National Institute for Child Health and Human Development, is integrally related to important family planning services issues. Careful examination of the safety of current contraceptive methods, and the development of new ones (especially those suitable for teenagers), are of particular interest. These areas are funded primarily through contracts, and in the context of the overall budget for CPR, a minimum of $27.6 million should be allocated for them. CPR's two other branches conduct vital studies in basic reproductive sciences and social and behavioral research. Research on attitudes that lead to early initiation of sexual activity in teens could be invaluable to the field of family planning. Support for CPR's work must be increased as an investment in the future of American families--and of families around the world.

Funding History

PPFA recommends:	FY 1984:	$115.0 million
	FY 1983:	$ 92.0 million
	FY 1982:	$ 87.5 million
	FY 1981:	$ 82.9 million

STATEMENT OF DR. GEORGE BREWER, DEPARTMENT OF HUMAN GENETICS, UNIVERSITY OF MICHIGAN; NATIONAL ORGANIZATION FOR RARE DISORDERS

Senator Weicker. The next witness is Dr. George Brewer, department of human genetics, University of Michigan, representing the National Organization for Rare Disorders. Dr. Brewer?

Dr. Brewer. Here's somewhat modified testimony, since I'm giving it rather than another person.

Senator Weicker. Thank you very much.

Dr. Brewer. Mr. Chairman and members of the subcommittee, I'm George Brewer, M.D., professor of genetics and medicine at the University of Michigan. I'm appearing on behalf of the National Organization for Rare Disorders, NORD. The full membership of NORD is attached to the complete statement, which I hope will be included in the record.

NORD is a newly formed, nonprofit agency representing the interests of millions of Americans with orphan diseases. It was created by a group of voluntary agencies, scientific researchers, consumers, and individuals who worked for many years on the orphan drug issue. We are fighting for people with cystic fibrosis, Tourette's syndrome, Huntington's disease, and thousands of other rare disorders because we know the suffering can be reduced if we change the incentives that until now have discouraged investment in so-called orphan diseases.

Last year, the U.S. Senate voted unanimously for passage of the Orphan Drug Act, which was signed into law by President Reagan on January 4, 1983, a tremendous victory for this cause. This legislation was necessary because the high cost of new drug development made it unprofitable for drug companies to focus their efforts on behalf of people with diseases that affect small groups of patients.

Until the number of potential users of a drug reaches about a quarter million, there is little prospect that the development costs of a drug will ever be recovered by a manufacturer. The Orphan Drug Act helped this by creating a tax incentive to help defray the costs of drug development.

Today, we are before you to discuss another section of the Orphan Drug Act, which authorizes $4 million in grants to scientists who are conducting clinical research on new orphan drugs. This new grant authority is needed because there are treatment ideas which will not be pursued and products which will not be developed even with tax credits. The initial ideas for treatments for rare diseases comes primarily from university investigators. But most do not pursue these ideas because of barriers such as lack of funding for research on treating rare diseases.

Thus, a major problem is lack of activity. I estimate that of the 3,000 or so orphan diseases, less than 10 percent have anyone working on their treatment. While each rare disease has only a few thousand patients, when this number is multiplied by 3,000 diseases, several million Americans end up disenfranchised from treatment development.

In many cases, compounds which may find a use for an orphan disease are marketed over the counter, but require further study to allow responsible new medical usage. An example is our work with zinc in Wilson's disease, a fatal disease of copper accumulation affecting 2,000 to 5,000 Americans. The current treatment for Wilson's disease is quite toxic and at least 10 percent of patients have absolute intolerance, throwing their lives at the mercy of inadequately studied alternatives.

Several years ago, I had the idea that zinc would be effective in this disease and zinc is known to be nontoxic. NIH funded work on the initial idea and we have done enough work to believe that zinc may ultimately be the drug of choice because it is effective and nontoxic.

However, NIH did not continue our support, I believe, because the research and development which remained was not at the cutting edge of science. Thus, the zinc which I hold in my hand can be bought in any health food store, but will never be a useful life-long treatment for the few thousand Americans with Wilson's disease without adequate studies of dose, time of administration, dietary interactions, and long-term effectiveness.

This story is not unique. Unfortunately, it's typical of one important aspect of the orphan drug situation. In this case, because zinc is a readily available product, it is unlikely that a drug company will help us. Because the remaining work is fairly routine, it does not meet the research standards of excellence that NIH study sections impose when NIH can fund only a small percentage of its grants.

We urge you to provide $4 million in fiscal year 1984 from the grant authority included in the orphan drug bill. We recommend that you provide that money initially to the Office of the Assistant Secretary for Health, so that it can be reallocated by him to the FDA, NIH, and the Alcohol, Drug Abuse, and Mental Health Administration, depending on the strength of the proposals each has in hand. By doing so, you will allow science to bring better health and longer lives to people with rare disorders.

Thank you for your help.

Senator WEICKER. Thank you very much, Dr. Brewer. In other words, what remains to be done vis-a-vis zinc and Wilson's disease? Is this something that you feel you're in the last stage of and it needs to be wrapped up? And if so, what would the cost be?

Dr. BREWER. We've shown that it's efficacious; that it will work. But now what we need to do is to see—this is a disease of copper poisoning—and we need to see whether the dietary intake of copper also needs to be controlled, whether you can give the zinc a little less frequently. We started out by giving it five times a day. That a patient doesn't want to do for their whole life.

So that there are a number of sort of routine steps in the final stages of drug development.

We need, in our own case, somewhere between $50,000 and $75,000 for about each of 3 years to finish it off. This is just one example of many such examples that scientists have problems with if the drug companies aren't interested.

Senator WEICKER. Thank you very much. Your statement will be included in the record at this point along with other statements submitted for the record on appropriations for the Office of the Assistant Secretary for Health.

[The statements follow:]

STATEMENT OF DR. GEORGE BREWER

My name is George Brewer, M.D., Professor of Human Genetics and Internal Medicine of the University of Michigan. I am appearing on behalf of the National Organization for Rare Disorders. The full membership of the National Organization for Rare Disorders is attached to my complete statement, which I hope will be included in the record.

The National Organization for Rare Disorders is a newly-formed, nonprofit agency representing the interests of millions of Americans with "orphan diseases." It was created by a group of voluntary agencies, scientific researchers, consumers and individuals who worked for many years on the orphan drug issue. We are fighting for people with cystic fibrosis, Tourette's Syndrome, Huntington's disease, and thousands of other rare disorders, because we know the suffering can be reduced if we change the incentives that until now have discouraged investment in so-called orphan diseases.

Last year, the U.S. Senate voted unanimously for passage of the Orphan Drug Act, which was signed into law by President Reagan on January 4, 1983, a tremendous victory for our cause. This legislation was necessary because the high cost of new drug development made it unprofitable for drug companies to focus their efforts on behalf of people with diseases that affect small patient populations. Until the number of potential users of a drug reaches a quarter million or more, there is little prospect that the development costs of a drug will ever be recovered by its manufacturer. The Orphan Drug Act helps change that aspect by creating a tax incentive to help defray the costs of drug development.

Today, we are before you to discuss another section of the Orphan Drug Act, that which authorizes $4 million for grants to scientists who are conducting clinical research on new orphan drugs. We cannot overemphasize the importance of this appropriation, which will help the development of new products that will reduce the suffering from many different diseases and help restore people to productive life in our society.

This new grant authority is needed because there are treatment ideas which will not be pursued, and products which will not be developed, even with tax credits. The initial ideas for treatments for rare diseases comes primarily from University investigators, but most do not pursue their ideas because of barriers such as lack of funding for research on treating rare diseases. Thus, a major problem is lack of activity - I estimate that of the 3000 or so orphan diseases, less than 10% has anyone working on their treatment. While each rare disease has only a few thousand patients, when this number is multiplied by 3000 diseases, several million Americans end up disenfranchised from treatment development.

In many cases, compounds which may find a new use for an orphan disease are marketed over the counter but require study to determine the effectiveness, proper dosage levels, potential side effects, and other facts that must precede responsible new medical usage. Because the compound is in the "public domain," we cannot expect a drug company to make an investment in this testing.

An example is our work with zinc in Wilson's disease, a fatal disease of copper accumulation effecting 2000 - 5000 Americans. The current treatment for Wilson's disease is quite toxic, and at least 10% of patients have absolute intolerance, throwing their lives at the mercy of inadequately studied alternatives. Several years ago, I had the idea that zinc would be effective in this disease, and zinc is known to be non-toxic. NIH funded work on the initial idea, and we have done enough work to believe that zinc may ultimately be the drug of choice, because it appears to be effective and is non-toxic. However, NIH did not continue our support, I believe because the research and development which remained was not at the "cutting edge of science." Thus, the zinc which I hold in my hand can be bought in any health-food store, but will never be a useful life-long treatment for the few thousand Americans with Wilson's disease without adequate studies of dose, time of administration, dietary interactions, and long-term effectiveness.

This story is not unique; unfortunately, it is typical of one important aspect of the orphan drug situation. In this case, because zinc is a readily-available product, it is unlikely that a drug company will assist. Because the remaining work is fairly routine, it does not meet the research standards of excellence that NIH study sections impose when NIH can fund only a small percentage of its grant applications. Unless a new funding source for this clinical research is provided, people with Wilson's Disease will never have the chance to learn whether zinc could improve their health and allow them to live normal lives.

We urge you to provide $4 million in Fiscal Year 1984, for that new funding source, from the grant authority included in the Orphan Drug bill. We recommend that you provide that money initially to the Office of the Assistant Secretary for Health, so that it can be reallocated by him to the Food and Drug Administration, the National Institutes of Health, and the Alcohol, Drug Abuse, and Mental Health Administration depending on the strength of the proposals each has on hand. By doing so, you will allow science to bring better health and longer lives to people with rare disorders.

Thank you for your help.

National Organization for Rare Disorders

Honorary National Chairman	Jack Klugman
Medical Advisors	Melvin H. Van Woert, M.D. Richard L. Masland, M.D. Edward J. Gralla, D.V.M. George J. Brewer, M.D. Jess G. Thoene, M.D.
Agencies	American Narcolepsy Association Amoytrophic Lateral Sclerosis Society of America Center for Neurologic Study Committee to Combat Huntington's Disease Cystic Fibrosis Foundation Dysautonomia Foundation, Inc. Dystrophic Epidermolysis Bullosa Research Association Epilepsy Foundation of America Friedreich's Ataxia Group, Inc. Gaucher's Disease Registry Guillain-Barre Syndrome Support Group International Joseph Diseases Foundation Myoclonus Families United National Association for Sickle Cell Disease, Inc. National Ataxia Foundation National Huntington's Disease Association National Multiple Sclerosis Society National Neurofibromatosis Foundation National Tuberous Sclerosis Association Paget's Disease Foundation Parkinson's Educational Program The Alexander Medical Foundation Tourette Syndrome Association United Parkinson Foundation Wilson's Disease Association

STATEMENT OF STUART ALTMAN, PH. D., ASSOCIATION FOR HEALTH SERVICES RESEARCH

Mr. Chairman, I am Stuart Altman, Dean of the Heller Graduate School at Brandeis University. I am pleased to have this opportunity to present testimony in support of funding for health services research at the National Center for Health Services Research, a component of the Public Health Service, and the Health Care Financing Administration.

I am appearing on behalf of the Association for Health Services Research, a national organization dedicated to promoting, strengthening, and improving the field of health services research.

It is only through a better understanding of the health care industry that we can hope to increase the effectiveness of the health care delivery system while at the same time controlling its costs. The on-going work of the National Center for Health Services Research and the R&D program of the Health Care Financing Administration has contributed significantly to our understanding of the functioning of the system and its rapidly rising cost.

The rate of return on dollars invested in health services research has been very high. For example, the results of health services research has led to reductions in Medicare payments to hospitals for malpractice insurance. It is estimated that this resulted in savings of $540 million in fiscal year 1982. Another study demonstrated that the 8.5 percent Medicare nursing differential is no longer warranted. The elmination of this differential saved an estimated $95 million in 1982. Mr. Chairman, these are but a few examples of the accomplishments and dollar savings as a result of health services research.

Recently, the Congress adopted the most sweeping reforms of Medicare reimbursement since the enactment of that program in the late sixties. Congress was able to take this action because in

August of 1969 the National Center for Health Services Research awarded a grant to Yale University that led to the development of a reimbursement concept using Diagnosis Related Groups. By 1974, when the concept had been refined, the continuation of the work, in an operational setting, was supported by the Health Care Financing Administration (HCFA). The HCFA R&D program is designed to provide new knowledge to the Administrator, the Secretary of HHS and the Congress, in order to make informed and rational decisions regarding the management of the Medicare and Medicaid programs. Without this research, the Executive Branch and the Congress would not have the data base necessary to enact cost-containing legislation. Nor would it be in a position to respond to a rapidly changing health industry.

Mr. Chairman, the funding levels for these two programs -- namely $17.6 million for the National Center; and $30 million for the R&D program in HCFA -- are small in comparison to the billions of dollars being spent by our government under the Medicare and Medicaid programs. In fact, the proposed funding is inadequate to permit the undertaking of studies mandated by Congress under the recent Social Security bailout bill, last year's Tax Equity and Fiscal Responsibility Act, or the budget Reconciliation Acts of 1980 and 1981. In other words, more than 50 congressional-mandated studies will not be conducted due to a lack of funds.

Mr. Chairman and members of the Committee, without the results of the mandated studies, Congress will not have the necessary data base to make further changes in Medicare and Medicaid. Thus, when confronted with a problem, Congress will be forced to make an intuitive, rather than an informed decision.

It is with this in mind that we respectfully request that the Committee appropriate $25 million for the National Center for

Health Services Research and $40 million for the Research and Demonstration program of the Health Care Financing Administration.

This concludes my testimony. I will be happy to answer any questions.

Thank you, MR. Chairman.

STATEMENT OF JUDIE BROWN, PRESIDENT, AMERICAN LIFE LOBBY, INC.

Mr. Chairman, members of the subcommittee, it is now 23 months since GAO issued Report HRD 81-68 entitled "Family Planning Clinics Can Provide Services At Less Cost But Clearer Federal Policies Are Needed" and eight months since GAO issued Report 82-106 entitled "Restrictions on Abortion and Lobbying Activities In Family Planning Programs Need Clarification" that were highly critical of the Title X (Public Health Service Act) Family Planning Program.

Notwithstanding communications with the Department of Health & Human Services and a meeting with Assistant Secretary for Health Dr. Edwin N. Brandt requesting that the Department make changes in this program to correct the waste and abuse identified by GAO in these two reports, nothing has been done - not one regulation nor one guideline has been changed.

To date nothing has been done and the Department and the Reagan administration have acquiesed in the "social pork barrel" by requesting essentially the same amount, $124,088,000, for (FY 1984) this program as they did in FY 1983.

Notwithstanding my testimony to this subcommittee, and its counterpart on the House side, pointing out an estimated $48 million in waste and abuse identified by these reports neither subcommittee cut out a penny of this waste.

It is an outrage on the American taxpayer that neither the executive nor the legislative branch have changed policy nor reduced the spending for this wasteful program.

We ask you to cut the Title X program by $48 million as justified by our testimony before this subcommittee last year which I request be printed in full with all attachments at this point in the hearing record.

TITLE X

WITNESS

JUDIE BROWN, PRESIDENT, AMERICAN LIFE LOBBY ON THE TITLE X FAMILY PLANNING PROGRAM

I am Judie Brown, President of American Life Lobby, an organization which represents over 100,000 members. I am here to speak to you today about cutting funding rather than continuing appropriation.

The money that you have appropriated to the Title X program paid, in part, for National Condom Week promoted by Planned Parenthood of Metropolitan Washington, D.C. It also paid for the Fourth Annual Rubber Disco, where decorations include a rainbow of different colored blown-up condoms, and where the height of the festivities culminated in a condom-blowing contest. The winner of that received an award of $35.

As you may be aware, Congressman Rousselot objected strongly to this use of federal funding for the promotion of National Condom Week as related in the story which has been attached to my testimony.

This is not a joke. This is what the taxpayers' hard-earned money, appropriated by this subcommittee, is being used for. This is an utter waste of taxpayers' money.

Gentlemen, this program is riddled with waste and abuse. GAO Report HRD 81-8, dated June 19, 1981, identified four areas of waste and abuse in the Title X program, namely: (a) excessive patient visits, (b) the wrong type of education programs, (c) excessive anemia screening, (d) noncost-effective VD testing.

In addition, the GAO Report cited this program for mismanagement in not instituting and enforcing the collection of fees based upon the sliding scale reimbursement requirements for all grantees.

In addition, there appears to be a duplication of funding between the Title X Family Planning program and the Title V Maternal and Child Health program which requires emphasis on family planning.

. Based on this GAO study, the American Life Lobby believes the following savings can be immediately made in the Title X program:

[Chart from Mrs. Brown's statement follows:]

Source:	*Annual savings*
(A) GAO estimate of savings due to reduction in patient visits to American College of Gynocology and Obstetrics standards. (Pp. 10 & 13.)	$13,000,000
(B) Wrong type and too much education. GAO Report indicates that education time can be reduced by half. (P. 16) A very conservative estimate is this change would save $1,000 per clinic X 5,100 clinics.	5,100,000
(C) Routine Anemia screening not needed (HCFA Reimbursements range from $1-$4.00) Using a $2.00 average cost per test X 3.8 million tests X ½ = 3.8 million. (P. 17)	3,800,000
(D) Two routine V.D. tests not cost-effective by DHHS' own standards. $1.00 per test X ½ client population. (P. 20)	3,800,000
(E) Institution of Sliding Scale reimbursement for all grantees. (6 month fee collection $150,000 x 2 x 50 states) (P. 35).	15,000,000
(F) Duplication of Maternal and Child Health Program. New Title V Authorization requires emphasis on Family Planning. (House Report 97-208, Page 786)	8,000,000
Total savings	48,700,000

Mrs. Brown. We call on this subcommittee to appropriate not more than $75 million for Title X in fiscal year 1983; $123 million fiscal year 1983 budget request minus $48 million cost savings equals $75 million.

This cut must be made by this committee because the Title X bureaucrats of the Department of Health and Human Services for almost ten months have ignored the GAO Report and have, to my knowledge, taken no specific action nor promulgated regulations to implement any change to rectify the waste and abuse cited by GAO Report HRD 81-68.

Further, I call to the attention of this committee the language on page 17 of House Report 97-251 on the fiscal year 1982 Labor, HHS and Education appropriation bill, H.R. 4560:

> The committee expects the Department to carefully examine the June 19, 1981, General Accounting Office Report on Family Planning. The Department should report back to the committee before the fiscal year 1983 hearings any recommendations it can make to improve the operations of the program relative to the issues raised in the General Accounting Office Report.

To the best of my knowledge DHHS has only very recently complied with this directive and have not promulgated any changes in the operation of the program that would save the taxpayers' money that GAO says is being wasted on this program as cited in their report of nine months ago.

As a matter of fact, the Department's testimony on behalf of the Bureau of Community Health Services fiscal year 1983 budget does not mention the GAO report at all. No orders have been issued to the Title X clinics to reduce the excessive number of patient visits, physical exams, and pelvic examinations to the standards of the American College of Obstetrics and Gynecology, ACOG; annual savings $13.8 million—GAO estimate.

Nothing has been done to limit the education component to the amount necessary for the birth control method of choice. Nothing has been done to reduce the unnecessary anemia-testing per ACOG standards. Nothing has been done to reduce the excessive VD testing that is being done in violation of DHHS guidelines and ACOG standards. Nothing specific has been done to insure collection of fees as required by the 1974 sliding scale fee regulations.

Instead, the report of John Kelso for DHHS to the House Appropriations Subcommittee said the Department is "closely monitoring . . .", "guidelines are currently under revision . . .", "regional office staff will conduct random program review . . ."

In short, the report is bureaucratic gobbledygook that in effect says we are not going to do anything positive or specific to save taxpayers funds as recommended by GAO nine months ago.

This looks like a classic sweep-it-under-the-rug operation. This subcommittee should not acquiesce in such a see-no-evil, hear-no-evil operation.

In addition to a $48 million cut in Title X, to insure compliance with the intent of Section 1008 of the Title X authorization, we request the following bill langauge be added to the relevant part of the fiscal year 1983 appropriation bill:

> Provided that no funds appropriated to carry out Title X of the Public Health Service Act may be used to perform abortions or to make grants or contracts with any entity that promotes, encourages, or counsels/refers patients for abortions or that include abortion as a method of family planning.

I call your attention to the attached memorandum on the legislative history of Section 1008. Congressman Dingell, who offered this amendment to Section 1008, said in explanation of his prohibition of abortion amendment:

> * * * the committee members clearly intend that abortion is not to be encouraged or promoted in any way through this legislation. Programs which include abortion as a method of family planning are not eligible for funds allocated through this act.

Gentlemen, nothing could be clearer to us; any organization that includes abortion as a method of family planning is not eligible for Title X funds. Our requested bill language is only a restatement of the intent of Congressman Dingell, in Section 1008, of the statute authorizing this program.

It would appear that this restatement of the original intent is necessary. The Planned Parenthood of Metropolitan Washington, D.C. organization, which we earlier noted had spent federal funds on the "rubber disco," has also expended funds on a full page in the Washington Post and for a responder asking individuals to oppose any restrictions on abortions. Thus we have a Title X grantee advocating abortion as a means of family planning in contravention of the clearly-stated congressional intent.

Further, Mrs. Fay Wattleton, President of Planned Parenthood Federation of America, wrote to the Comptroller General of the United States and stated that no planned parenthood affiliate or clinic promotes abortion with or without public funds. However, on February 26, 1982, the Executive Director of the Indianapolis Planned Parenthood Association stated

> * * * while counselors have a policy of encouraging minors to involve parents in a decision about abortion, they also will be prepared to assist those who do not want their parents informed * * *

Again we have Title X grantees promoting abortion as a method of family planning and, in this case, threatening defiance of a state law to provide and refer for such abortions to minors without parental consent.

We consider these two incidents to be blatant examples of exactly the type of activities which were to be specifically excluded by the congressional intent, as stated by Congressman Dingell.

In summary, we request a reduction in funding of at least $48 million, as justified by GAO Report HRD 81-68, to no more than $75 million and the inclusion of language prohibiting the use of any of these funds by any organization that refers, counsels, promotes or advocates abortion as a method of family planning.

This will save money that is now being wasted and get the government out of the abortion advocacy business, at least in part.

Thank you for your time.

Mr. NATCHER. Thank you very much, Mrs. Brown.

[Attachment to Mrs. Brown's statement follows:]

INDEX OF ATTACHMENTS

1. GAO Report HRD 81-68, excerpts.
2. Republican Study Committee Analysis of HRD 81-68.
3. Wanderer article confirming tie-in between Title X clinic and referrals to abortion facilities.
4. Planned Parenthood of Metropolitan Washington D. C. letter urging grass roots lobbying on legislation pending in Congress.
5. Memo and "Rubber Disco" promotion materials documenting mis-use of Title X funds.
6. DHHS Secretary Schwieker press statement calling for an investigation of "National Condom Week".
7. A.L.L. letter to Comptroller-General Bowsher asking for an audit of the entire Title X allocation to the District of Columbia.
8. Congressional Record, March 23, 1982, p. H1068, concerning "National Condom Week".
9. "Himself" column, by Charles McCabe, entitled "National Condom Week", San Francisco Chronicle, April 2, 1982.
10. "The Ear" column, Washington Post, March 26, 1982.
11. Memorandum and attachments re: Faye Wattleton contrary statements on referral and promotion of abortion to the Senate Committee on Labor Resources and Comptroller-General Bowsher.

[CLERK'S NOTE.—All the attachments are contained in the subcommittee's files.]

STATEMENT OF WILLIAM E. WOODS, EXECUTIVE VICE PRESIDENT, NATIONAL ASSOCIATION OF RETAIL DRUGGISTS

Senator WEICKER. The next witness is William Woods, executive vice president, National Association of Retail Druggists.

Bill, come right on up.

Senator WEICKER. It's good to have you here.

Mr. WOODS. Thank you very much. I appreciate the opportunity of being here, Mr. Chairman.

I'm William E. Woods, executive vice president of the National Association of Retail Druggists. Our particular interest here is that we fill some 80 percent of the medicaid prescriptions all over the country. NARD has long been acknowledged as the sole advocate for the vital component of the free enterprise system and the independently owned pharmacies of this country.

They're primarily family businesses and they have roots in America's communities.

As owners of the independents, our members are committed to legislative and regulatory initiatives designed to provide them a fair chance to compete. We appreciate the opportunity to appear before this important subcommittee and present our recommendations for the Department of Health and Human Services and, more specifically, the Health Care Financing Administration program.

We believe that the major strength in the health care system is the thousands of independents readily available to virtually every segment of the population. In contrast to most, if not all, medical services' delivery systems, competition is, in retail pharmacy, alive and well. Sometimes we think too well. But competition is an incentive for efficiency and the price competition in retail pharmacy is greater than can be found among the providers of many health services.

Today there are many problems confronting the independent pharmacies who are serving medicaid patients. Perhaps the fixed-fee reimbursement, however, far overshadows other problems associated with the medicaid pharmacy program. States reimburse pharmacies on a product cost plus dispensing-fee basis. Fees are determined by State medicaid agencies. States are required by regulations to conduct surveys of cost of filling prescriptions. But since they are not required to use the survey data, States can establish fixed dispensing fees at whatever rate they choose.

A $2 fee on something that might cost the pharmacist $3 may be adequate, or even if it costs $10. But in today's world, with the prices accelerating, a product costs $50, $75; a $2 and $3 fee is just not enough for the pharmacist to survive or participate in the program.

We believe there is a better way. NARD has established criteria for a successful pharmacy program and it's outlined in our statement, which I will not take time to read at this point.

Accordingly, our owners support the elimination of the fee for service remittance and legislation requiring States to pay marketplace prices in the medicaid pharmacy program. NARD recommends a direct payment approach for pharmacy products and services.

We believe that reliance on the market forces will yield savings. The high administrative cost of the pharmaceutical services program, relative to the cost of services, could be greatly reduced. Adoption of the direct payment pharmacy draft approach also resulted in the reduction of needless, though costly, paperwork and redtape. For the pharmacists involved with medicaid, the potential benefit is particularly attractive. HCFA data reveals that 50 percent of medicaid paperwork is generated by the pharmacy program, which accounts for less than 6 percent of the total medicaid budget.

NARD submits that marketplace pricing and direct payment would enhance competition, encourage prudence among medicaid recipients, and last, that fraud and waste made possible solely because of the unnecessarily complex way in which a program has been implemented during the last six administrations, would be eliminated.

The medicaid copay is another matter of great importance to us. In 1982, Congress established a medicaid copay designed according to the conference report to allow States to deter unnecessary utilization while not imposing an unreasonable hardship on beneficiaries. Yet under this approach, no medicaid provider may deny care or services to an individual because of inability to pay the required cost sharing charges.

In retail pharmacy, this provision, as interpreted by the HCFA regulations, has created a furor. As a practical matter, all recipients can avoid the copayment and thus avoid the 1982 congressional objective. Further, the copayment differential may be absorbed by the pharmacy provider.

NARD recommends a repeal of this section. Short of repeal, we recommend the adoption of the Senate Finance Committee's approach, which prohibited the denial of emergency care or urgently needed services rather than in all cases where a recipient claims inability to contribute to copayment.

We have also made recommendations, sir, on a durable medical equipment proposal of this administration. I won't cover that in detail in the interest of time.

In conclusion, medicaid could not succeed without the preventative services that pharmacies provide to help cut medicaid hospital, nursing home, and physician expenditures. To improve the pharmacy program, it's essential to assure that the providers of the service in such a competitive market as retail prescriptions have a key role in the design, operation, and administration of the medicaid program. In the last five administrations that I've had an opportunity to participate in the medicaid program, we have not had that opportunity under HCFA and its predecessors.

NARD seeks the support of the committee for our recommendations and pledges to assist its members and staff in the refinement of our proposals to make medicaid more cost effective.

Thank you, sir.

Senator WEICKER. Thank you very much, Bill. I appreciate your testimony.

Mr. WOODS. Thank you.

[The statement follows:]

STATEMENT OF WILLIAM E. WOODS

I am William E. Woods of Washington, D.C. I serve as Chief Executive Officer of the National Association of Retail Druggists.

The National Association of Retail Druggists (NARD) represents owners of more than 30,000 independent pharmacies, where over 75,000 pharmacists dispense more than 70 percent of the nation's prescription drugs. Together, they serve 18 million persons daily and provide nearly 90 percent of the Medicaid pharmaceutical services. NARD has long been acknowledged as the sole advocate for this vital component of the free enterprise system.

NARD members are primarily family businesses. They have roots in America's communities. The neighborhood independent druggist typifies the reliability, stability, yet adventuresomeness that has made our country great.

As owners of independent pharmacies, our members are committed to legislative and regulatory initiatives designed to provide them a fair chance to compete. We appreciate the opportunity to appear before the Subcommittee and present our recommendations for the Department of Health and Human Services - Health Care Finance Administration programs, especially Medicaid.

We believe that one of the major strengths in the health care system is the thousands of independent community pharmacies readily accessible to virtually every segment of the population. Any revisions in the Medicaid health care program should capitalize on the strengths of the existing retail distribution network for drugs. It provides maximum access and professional services unknown to non-professional government dispensaries or mail-order vendors.

In contrast to most, if not all other Medical services delivery systems, competition in retail pharmacies is alive and well. Not only are prescription drug prices well below the general consumer price index for the past two decades, but they are significantly lower than the index for all other medical care reimbursed by Medicaid.

We maintain this is significant evidence that our members, who are filling 70 percent of the nation's prescriptions, have kept faith with the public and the government. We believe that these results emphasize that American competition is still a tribute to our democracy. Competition is an incentive for efficiency and the price competition in retail pharmacy is greater than can be found among the other providers of health services.

PHARMACY REMITTANCE

Today there are many problems confronting independent pharmacies who are serving Medicaid patients. The fixed fee reimbursement, however, far overshadows other problems associated with the Medicaid pharmacy program.

States reimburse pharmacists on a product-cost plus dispensing-fee basis. Fees are determined by state Medicaid agencies. States are required by regulations to conduct surveys of costs of filling prescriptions; but, since they are not required to use the survey data, states can establish fixed dispensing fees at whatever rate they choose.

To date, fixed fees have always been established below the average dispensing cost. Thus, while ingredient price inflation continues unabated, many of our members are providing products and services at a cost higher then Medicaid remittance. You may have heard some suggest that pharmacy's number one concern with Medicaid is the Maximum Allowable Cost Program (MAC). Some manufacturers would certainly benefit by its repeal and drug wholesalers stand to profit significantly by the repeal of this cost containment program since they increase their profits by selling higher priced products. This is not true in today's world in the pharmacy profession where practitioners are locked in a fixed fee where their net profit decreases as product costs accelerate.

Medicaid was not designed to be a charity for states. It was designed to provide health care to those families who cannot afford it and allow reasonable profits to providers of Medicaid services. Considering the rate of inflation in the past decade, there is no doubt that Medicaid has seriously short-changed pharmacy providers.

IS THERE A BETTER WAY

We believe there is a better way. NARD has established the following criteria for a successful pharmacy program:

a. Any cost-reduction program should not disrupt the present cost effective drug-distribution system which has provided our nation the best health-care record in the world;

b. Medicaid patients must not be relegated to positions of second-class citizenship by being denied freedom to select their own health-care providers and choose the sources of their prescription drugs and pharmaceutical services the same as any other citizen;

c. To be acceptable, any cost-reduction program should not discriminate against small-business owners nor be detrimental to independent retail pharmacy; and

d. Any "savings" to be achieved in the Medicaid appropriations must be real, not merely a shell-game which shifts additional economic burdens to pharmacy providers or non-Medicaid customers.

Accordingly, our owners support the elimination of the fee for services remittance and legislation requiring states to pay marketplace prices in the Medicaid pharmacy program. Marketplace pricing would assure that pharmacies receive appropriate payment for the services and products supplied. Medicaid patients would benefit because more independent pharmacies would remain in business and available to provide products and needed services.

Additionally, NARD recommends a direct payment approach for pharmacy products and services. Possible models include the following:

1. The Delaware Prescription Drug Draft Program under which eligible persons submit a check to the pharmacy provider which is endorsed and deposited the same as any check received by the provider, from a patient, for pharmaceutical services; or

2. The award-winning Alabama pharmacy bank draft or "instant pay" program utilized from 1970-1977.

NARD believes that reliance on market forces will yield savings. The high administrative cost of the pharmaceutical services program, relative to the cost of the services, could be greatly reduced. State Medicaid agencies now, in most cases, contract with a private company to administer the prescription drug program. Alabama for years had an instant pay program whereby the pharmacist received reimbursement from the local bank upon presentation of a voucher similar to VISA or MasterCard. The administrative cost, per claim, under this innovative system was less than one third of the cost incurred by other states with traditional systems and attended bureaucracies. In addition to saving the state money, this approach eliminated the chronic problems associated with late Medicaid payments.

Adoption of the direct payment pharmacy draft approach also resulted in the reduction of needless, though costly, paperwork and red tape. For pharmacists involved with Medicaid, this potential benefit is particularly attractive. Former Deputy Administrator of HCFA, Paul Willging, a speaker at our 1982 Conference on National Legislation, even shocked pharmacy leaders when he reported that HCFA data revealed that 50% of the Medicaid paperwork is generated by the pharmacy program which accounts for less than 6% of the total Medicaid budget.

NARD also submits that marketplace pricing and direct payment would enhance competition and encourage prudence amongst Medicaid recipients, and lastly that fraud and waste made possible solely because of the unnecessary, complex way in which the program has been implemented would be eliminated.

NARD also supports the following interim steps until the fee for service remittance is eliminated:

a. Full implementation of the "cost of filling a prescription service";

b. Interest and penalties for late Medicaid payment;

c. Compensation for the variety of services, including patient profiles and 24-hour delivery, that are provided by professional pharmacies;

d. Reinstatement of the 60-day public notice for state changes in Medicaid reimbursement method or level of reimbursement; and,

e. Most importantly, a HCFA demonstration project, preferably statewide, designed to perfect the direct payment/marketplace pricing pharmacy concept.

MEDICAID COPAY

In 1982, Congress established a Medicaid copay designed according to the conference report to allow states to deter unnecessary utilization while not imposing an unreasonable hardship on beneficiaries. Yet, under this approach no Medicaid provider may deny care or services to an individual because of inability to pay the required cost - sharing charges!

In retail pharmacy this provision, as interpreted by HCFA, has created a furor. As a practical matter, all recipients can avoid the copayment and thus avoid the 1982 congressional objective. Further, the copayment differential must be absorbed by the pharmacy provider.

NARD recommends the repeal of this section (Section 1916C). Short of repeal, adoption of the Senate Finance Committee's approach, which prohibited denial of "emergency care or urgently needed services" rather than in all cases where a recipient claims inability to contribute the copayment, would be a decided improvement.

REAGAN MEDICARE PROPOSALS

We find the elimination of freedom of choice for durable medical equipment under Medicare, in the Administration's Fiscal 1984 Health Care Incentives Program, especially troublesome. Although an estimated nine million dollars in savings has been allocated to this sketchy proposal, our discussions with HCFA officials and others have not expanded our understanding of its contemplated operation or objectives. NARD recommends that the Senate reject this proposal.

We do, however, commend the Administration for its proposal to provide equity in Medicare reimbursement for durable medical equipment. NARD supports the Administration's suggestion that home health agencies, which are presently reimbursed at 100%, receive the 80% reimbursement provided to traditional suppliers of durable medical equipment such as NARD members.

CONCLUSION

Medicaid could not succeed without our preventative service that helps to cut Medicaid hospital, nursing home and physician expenditures. To improve the pharmacy program, it is essential to assure that the providers of services in such a competitive market as retail drugs, have a key role in the design, operation, and administration of the Medicaid program.

In the past, a small group of career bureaucrats - most who never met a payroll in their lives - have met behind closed doors, without pharmacy provider insight and developed Medicaid policy, legislation and excessive regulations.

Without such an opportunity to participate in the fashioning of the Medicaid program, providers, such as our members, will be left totally to the whim of unrestrained bureaucrats.

NARD seeks the support of the Subcommittee for our recommendations and pledges to assist its Members and staff in the refinement of our proposals to make Medicaid more cost effective.

STATEMENT OF DONALD REDMAN, PRESIDENT, NATIONAL ASSOCIATION OF MEDICAL EQUIPMENT SUPPLIERS

Senator WEICKER. Mr. Donald Redman, president of the National Association of Medical Equipment Suppliers.

Mr. REDMAN. Mr. Chairman, Senator Weicker, my name is Donald L. Redman, and I'm president of Arizona Medical Supply Co., Inc., in Tucson, Ariz., and president of the National Association of Medical Equipment Suppliers, NAMES.

NAMES is a national trade association representing suppliers of durable medical equipment—DME—for use in the home. In 1982, we estimated that NAMES' 1000 members supplied medical equipment to over 2 million patients in their homes in every State. Most NAMES members are small businesses serving local communities or small geographic areas. They work closely with physicians, hospital discharge planners, therapists, nurses, and the patient's family to provide quality medical products and services at reasonable and competitive prices.

The DME industry is heavily oriented toward service. NAMES estimates that the typical DME supplier spends less than 35 percent of their total cost of doing business on the purchase of equipment and approximately 50 percent of the cost of doing business on service-related expenses.

For example, most NAMES members who deliver and maintain respiratory equipment provide monthly house calls by respiratory therapists or other trained employees. This individual checks the equipment, sees that the patient is following the physician's orders, and answers any questions that the patient may have. Patients often develop a very close relationship with their supplier.

Mr. Chairman, our purpose in testifying today is to express concern about certain sections of the administration's HCFA budget proposal which would eliminate many DME businesses and reduce competition and also to reassert problems with costly overregulation by HCFA which continues to insist on implementing medicare DME rent/purchase regulations and guidelines in spite of clear evidence from HCFA on its own studies, which conclude that implementing the new guidelines would cost the Government more than the retention of the current DME reimbursement system.

The administration's anticompetition proposal, section 113 of S. 643, is a proposal which would substantially lessen competition by giving HCFA carte blanche authority to rewrite the medicare reimbursement system for DME suppliers through the creation of exclusive agreements with negotiated rates for durable medical equipment.

NAMES strongly urges you not to support the anticompetition proposal because HCFA has never demonstrated that the DME industry is not competitive and that the medicare reimbursement rates are not reasonable. To the contrary, the DME industry is very competitive, and it's becoming more so every day.

The present reimbursement structure is careful to take competitive pricing into account.

Congress has traditionally created very specific guidance for the medicare program; that is, prospective payment for hospitals. The administration's proposal would abrogate Congress' responsibility in this area. The exclusive agreements and negotiated rates proposal is too vague to warrant serious consideration. It is unclear how HCFA would carry out their authority under this proposal and how HCFA calculated the proposed savings. This proposal would eliminate a medicare beneficiary freedom of choice to select a DME supplier. HCFA would either become the supplier or choose a supplier for the beneficiary. This would place a greater administrative burden and expense upon HCFA to supply the DME benefit and select a supplier.

Mr. Chairman, we appreciate the opportunity to present NAMES' testimony.

Senator WEICKER. In other words, I gather your position is that with the present system, the competition element is there, in effect, to hold prices down.

Mr. REDMAN. Absolutely.

Senator WEICKER. You feel that the reverse would be true if the changes were made.

Mr. REDMAN. Yes; it's definitely the free enterprise system, as it stands. There have been some private studies—Williams College is the best one I can give you—that have been done, and it was done by the Federal Government, and we feel is equitable.

Senator WEICKER. I thank you very much for your testimony, Mr. Redman. Your statement will be included in the record at this point along with other statements submitted for the hearing record on fiscal year 1984 appropriations for the Health Care Financing Administration and the Social Security Administration.

[The statements follow:]

STATEMENT OF DONALD REDMAN

Mr. Chairman, members of the committee, my name is Don L. Redman. I am President of Arizona Medical Supply Inc., Tucson, Arizona and President of the National Association of Medical Equipment Suppliers (NAMES). NAMES is a national trade association representing suppliers of durable medical equipment (DME) for use in the home. In 1982, we estimated that NAMES 1000 members supplied medical equipment to over two million patients in their homes in every state.

Most NAMES members are small businesses serving local communities or small geographic areas. They work closely with physicians, hospital discharge planners, therapists, nurses and the patient's family to provide quality medical products and services at reasonable and competitive prices. The DME industry is heavily oriented toward service. NAMES estimates that the typical DME supplier spends less than 35% of their total cost of doing business on the purchase of equipment and approximately 50% of the cost of doing business on service related expenses.

For example, most NAMES members who deliver and maintain respiratory equipment provide monthly house calls by a respiratory therapist or other trained employee. This individual checks the equipment, sees if the patient is following the doctor's orders and answers any questions the patient may have. Patients often develop a very close relationship with the supplier.

THE BUDGET AND HEALTH CARE FINANCING ADMINISTRATION (HCFA) PROGRAMS

Mr. Chairman, our purpose in testifying today is to express concern about certain sections of the Administration's HCFA budget proposal which would eliminate many DME businesses and reduce competition and also to reassert problems with costly over-regulation by HCFA which continues to insist upon implementing Medicare DME rent/purchase regulations and guidelines in spite of clear evidence from HCFA's own studies, which conclude that implementing the new guidelines would cost the govenment more than retention of the current DME reimbursement system.

The Administration's Anti-Competition Proposal

Section 113 of S. 643 would give HCFA "carte blanche" authority to rewrite the Medicare reimbursement system for DME suppliers and others by giving HCFA the authority to create "exclusive agreements and negotiated rates for certain medical and other health services" thus taking away the beneficiarie's freedom to select the supplier of their choice.

Section 113 has been euphemistically referred to by the Administration as the "competitive bid" proposal, thus giving it a certain degree of legitamacy. However, the facts are that Section 113 would reduce competition by forcing a significant percentage of DME companies out of business.

Neither Section 113 nor HCFA's summary explanation specify how HCFA intends to carry out the "exclusive agreements and negotiated rates". What is clear, is that this proposal would abrogate legislative responsibility in an area, Medicare, where Congress has traditionally created very specific programs. For example, Congress passed a very specific prospective payment law for hospitals rather than delegating that authority to HCFA.

How does HCFA propose to implement the "exclusive agreements and negotiated rates"? Does HCFA plan to enter the DME business in the capacity of a wholesale distributor or supplier? Since only 35% or less of the cost of maintaining a typical DME business relates to the purchase of products, will the government absorb the other 65% or more of the business costs by simply eliminating necessary services to Medicare beneficiaries? Would HCFA warehouse the product, set it up, service it on a regular basis, deliver and pick it up, educate beneficiaries about its use and provide 24 hour emergency service? Under this scenerio most of the existing DME businesses, 50% or more of whose income is derived from the Medicare program, would go out of business.

Other scenerios exist. Suppose HCFA would direct each Medicare carrier to negotiate with one or more DME suppliers in each state to supply all equipment for a given area. Those who fail to receive a contract would in many cases be forced out of business. This scenerio would eliminate competition and any possible short term cost savings to the Medicare program would be more than lost in later years due to the local monopoly created by HCFA through its "exclusive agreements and negotiated rates." Even HCFA recognizes this anti-competitive problem because the proposal specifically exempts Section 113 agreements from any law requiring either competition or the advertisement of proposals to enter into a contract with the federal government. HCFA's waiver of a law which actually promotes competition should be carefully scrutinized.

If the Administration really wants to increase competition in the already very competitive DME industry, NAMES suggests greater beneficiary involvement in choosing a DME supplier - not more government intervention.

One such proposal is embraced in H.R. 101 introduced by Representative Duncan (R-2d-TN). Section 3 of H.R. 101 entitled the "Durable Medical Equipment Disclosure Amendments of 1983" provides:

> "On the basis of an assignment for the purchase or rental of durable medical equipment (including equipment servicing as authorized by the Secretary pursuant to regulations where such servicing is customarily associated with the proper functioning of the equiment) under terms of which the individual to whom such service or equipment was furnished is fully and completely informed by a written disclosure statement provided by the supplier of such equipment, receipt of which is acknowledged in writing by such individual or his representative, which clearly identifies the item of supply, equipment or equipment servicing covered by the assignment; the reasonable charge for such item; the amount of the charge, if any, in excess of the reasonable charge, together with an explanation of the reasons for such excess charge; the amount for which payment is expected to be made under this part; the amount for which payment must be made by the individual; and the obligation of the supplier of such equipment not to change his charge for not less than 14 days following the date of the written acknowledgment of receipt of the disclosure statements; and which shall be in such form as shall be prescribed by the Secretary in regulations following consultation with suppliers and users of medical equipment and others interested in its use:"

In Summary, NAMES urges you not to support the Administrations "exclusive agreements and negotiated rates" proposal (Section 113 of S.643) for the following reasons:

* HCFA has never demonstrated that the DME industry is not competitive and that the Medicare reimbursement rates are not reasonable.

* Congress has traditionally created very specific guidance for the Medicare program, e.g., prospective payment for hospitals. The Administration's proposal would abrogate Congress's responsibility in this area.

* The "exclusive agreements and negotiated rates" proposal is too vague to warrant serious consideration. It is unclear how HCFA would carry out their authority under this proposal and how HCFA calculated the proposed savings.

* This proposal would eliminate a Medicare beneficiary's freedom of choice to select a DME supplier. HCFA would choose a supplier. This would place a greater administrative burden and expense upon HCFA to supply the DME benefit and select a supplier.

Mr. Chairman, members of the Committee, please help get the government off our backs as was promised by this Administration only two short years ago. Government overregulation is definately the biggest problem in the DME industry. Please let unfettered competition determine which small businesses survive - not government policies which are competitive in name only.

Eliminate The Unfair Competitive Advantage Currently Enjoyed By Home Health Agencies In Renting or Selling DME

If approved, Section 104 of S.643 would increase competition in the sale or rental of DME. Approval of Section 104 would ensure uniform reimbursement for DME furnished to a beneficiary in his home regardless of whether the equipment was supplied by a home health agency or DME supplier. Currently home health agencies have an unfair competitive advantage because the Medicare beneficiary is not currently required to pay the $75 deductible and 20% coinsurance which the DME supplier must collect from the beneficiary for the same equipment. If this proposal is accepted HCFA estimates cost savings to the Medicare program of $15 million for 1984 and 1985; $20 million for 1986 and 1987 and $25 million for 1988. NAMES urges you to support Section 104 thus interjecting real competition in the sale or rental of DME.

RENT/PURCHASE REGULATIONS

In 1977, Congress passed Public Law 95 - 142. Section 16 gave the Secretary of Health and Human Services the authority to determine if the expected duration of medical need for the equipment warranted the presumption that purchase of the equipment would be less costly or more practical than rental. Section 16 also directed the Secretary to encourage DME suppliers to make their equipment available on a lease-purchase basis whenever possible.

As HCFA sought to implement Section 16 they expanded the scope of the statute into other areas, e.g., warranties, assumed from the beginning that there was a presumption of cost savings for purchase rather than rental of medical equipment and ignored their own studies and facts presented by the industry regarding problems for beneficiaries, carriers and suppliers. Because of the problems and controversies, the regulations and guidelines have yet to be implemented. To help resolve the problems HCFA awarded a three year $600,000 grant to Williams College to evaluate the cost effectiveness of various alternative reimbursement policies for DME. HCFA's Williams College final report has been issued. We would like to offer this report for the record. (HCFA 's Williams College final report was submitted for the Record). Currently, HCFA is trying to disassociate itself from the report because the report concludes that implementing the proposed guidelines will cost the government more money than the current reimbursement system. Despite the definitive HCFA Williams College study and other criticisims from Medicare carriers, beneficiaries and DME suppliers, HCFA has continued to allocate energy and scarce resources to implementation of the regulation and guidelines.

Mr. Chairman, Members of the Committee, we appreciate the opportunity to present NAMES testimony.

April 1983

DETERMINANTS OF CURRENT AND FUTURE EXPENDITURES ON DURABLE MEDICAL EQUIPMENT BY MEDICARE AND ITS PROGRAM BENEFICIARIES

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Chapter 10

Conclusions and Recommendations

A. Current Expenditures on DME:

Federal Medicare reimbursement for DME was originally introduced by the Social Security Amendment of 1965. The advent of Medicare reimbursement for DME was a powerful stimulus to the development of the retail DME supply industry, an industry with total annual sales that we estimate to be in the vicinity of $840 to $1,000 million in 1982. The data we have collected indicate that Medicare beneficiaries account for between 40% and 50% of the gross DME revenues of retail suppliers, and that Medicare reimbursement expenditures for DME under Medicare Part B are approximately $310 million dollars in 1982 with an annual growth rate of close to 20%.

B. Retail Supply of DME:

Our analysis of the conditions of DME retail supply indicates that the majority of DME suppliers are single location owner-operated businesses not affiliated with a franchise operation, although mergers and acquisition and franchising activities are both increasing the number of firms in the market that are either large in themselves or part of a larger operation.

Both rental rates and purchase prices for DME are largely set through the application of rules of thumb. Typically, the monthly rental rate for an item of DME is approximately 1/10 the suggested retail list price of the item, although that ratio may be substantially lower for inexpensive items. Purchase prices are generally equal to the manufacturers' suggested retail list price. More sophisticated suppliers employ less mechanical pricing rules.

We cannot evaluate the competitiveness of the retail market. However, our analysis of available data indicates that individual suppliers frequently account for more than 25%, and occasionally account for 100%, of the sales and rentals of particular items of DME within entire Medicare localities, suggesting a potential for substanital market power.

Our data indicate that most DME is acquired under conditions of third-party payment. This is likely to cause the effective price elasticity of demand to suppliers to be quite low, increasing the potential for the exercise of market power.

The retail DME supply industry's profitability, as measured by the rate of return on assets, is virtually identical to that earned by pharmacies and general rental firms.

C. Supplier Behavior under the C.P.R. Charge Screens

Medicare Part B reimbursement for DME takes place within the context of the same "customary, prevailing and reasonable" (CPR) charge screens system that applies to other Part B reimbursements including those for physician services. Our results indicate that suppliers can use acceptance or non-acceptance of assignment as a means of raising profits through price discrimination, and that profit maximizing suppliers have an incentive to manipulate prevailing and customary charge screens.

We have constructed a theoretical model of a profit maximizing DME supplier who operates under such a system, and have simulated suppliers' behavior under a variety of assumptions regarding growth in demand, the inflation rate, and the proportion of customers enjoying third-party coverage for DME. Our simulation results based on this model indicate that the charge screens system has reduced expenditures (relative to what they would have been under a system of 20% beneficary co-insurance without charge screens) in the conditions of rapid demand growth and high inflation that have characterized the DME market since 1965. On the other hand, under conditions of relatively stable demand and low inflation, and assuming that Medicare beneficiaries are held accountable by suppliers for their statutory 20% coinsurnace, the incentives for suppliers to manipulate the charge screens can result in higher costs for both beneficiaries and the government than would obtain without the screens. (If beneficaries are not required by suppliers to pay their 20% coinsurance, there is no limit on the extent of price escalation in the absence of some kind of charge screen system).

D. Demand for Durable Medical Equipment

A consumer who suffers from an illness which leads to a need for DME must, with the help of advisors, make two decisions. These are the decision whether to acquire DME and the decision whether to buy or rent it. We analyze these decisions separately and estimate a behavioral equation for each.

We hypothesize that the decision to acquire an item of DME is influenced by the individual's age, sex, income, education, and whether or not the individual is disabled. Among Medicare enrollees, we find that acquisition probabilities are significantly affected by all of these variables for all six of the DME items studied. Acquisition probability increases with age. Males of a given age are more likely to acquire oxygen therapy equipment but less likely to acquire other items than are females. Acquisition probability declines systematically with education and generally increases with income. Disabled individuals are significantly more likely to acquire all items of DME than are aged individuals with otherwise similar characteristics.

We hypothesize that the decision to purchase rather than rent an item of DME is influenced by the individual's age, sex, income, education, and whether the individual prefers or avoids risk. For a sample of aged Medicare enrollees who acquired a wheelchair without assignment, we find that age and income are not statistically significant as influences on the purchase/rent decision. However, individuals with at least an elementary education are significantly more likely to purchase than are those with less education. Furthermore, according to our estimates, this sample of Medicare enrollees prefers the higher risk inherent in renting when the expected out-of-pocket payments are equal for renting and for purchase.

Data limitations prevent us from estimating a price elasticity of demand for DME from our cross-section data. However, based on a few time series comparisions from published sources, we estimate the price elasticity of demand for DME to be less than .5.

E. Projected Future Expenditures for Durable Medical Equipment

Based on the estimated acquisition probabilities described above and projected future trends of the distribution of Medicare enrollees by age, sex, income, education and aged/disabled, we project future expenditures on DME by HCFA, by Medicare enrollees and by others. We compute these projections under alternative assumptions regarding the future growth of DME prices and the price elasticity of demand. Our central estimates project that nominal HCFA expenditures on DME will triple between 1982 and 1990 attaining $907 million in that year. We project that beneficiary expenditures will attain $328 in the same year. Total national expenditures will be between $2.5 billion and $3.1billion in 1990.

All of these projections are computed assuming no change from the reimbursement mechanism that was in place in 1977.

F. Simulations of Alternative Reimbursement Policies:

Among our various findings, those of greatest immediate policy relevance to HCFA come from our simulations of alternative reimbursement schemes.

Using a sample of 21,658 rental episodes and 7,527 purchase episodes drawn from data collected by Exotech Research and Analysis, Inc. (ER&A) under contract for HCFA, we have simulated the costs of the new regulations (those that will implement Section 16 of the Medicare Anti-Fraud and Abuse Amendments (Public Law 95-142) of 1977) under a variety of assumptions regarding the administrative costs of the end-of-waiting purchase/rental determination; the carrier error rate in making that determination; and the extent of a problem we have called "delayed purchase" that exists when beneficiaries who would have purchased at the onset of need for DME under the previous regulations elect instead to rent for the waiting period before purchasing under the new regulations. We then compared DME reimbursement expenditures under the new regulations to those that actually obtained for our sample group under the old regulations to determine whether implementation of the new regulations would be likely to reduce HCFA (and/or beneficiary) expenditures on DME. We have also performed a simulation that allows us to calculate the maximum possible percentage savings achievable through elimination of the problem of prolonged rental.

Our results are as follows:

- the maximum possible savings that could be achieved through elimination of prolonged rentals - a maximum that is for a variety of reasons unattainable - is 14% of the reimbursement expenditures under the previous regulations.
- the maximum possible savings that could be achieved under the new regulations is less than 8% of the DME reimbursement expenditures under the previous regulations, and to achieve this savings it is necessary that there be no administrative costs of making the purchase/rental determination, that carriers make correct purchase/rental determinations 100% of the time, and that the incidence of delayed purchase be zero.
- under reasonable assumptions concerning the administrative costs of making the purchase/rental determination, the carrier error rate, and the incidence of delayed purchase, DME reimbursement expenditures under the new regulations will be higher than under the previous regulations.
- elimination of the waiting period while retaining lump-sum reimbursement and presumed purchase for all inexpensive items will increase reimbursement expenditures for DME.
- other minor changes in the CPR screens appear likely to increase the Medicare reimbursement costs for DME.

We draw the following policy conclusions:

- Congress should pass legislation enabling HCFA not to implement the new regulations for DME reimbursement (those that implement the Medicare-Medicaid Anti-Fraud and Abuse Amendments of 1977 (Public Law 95-142)).
- the current regulations for Medicare DME reimbursement should not be changed to provide for automatic purchase and lump sum reimbursement for items costing less than $120.
- In the event that the rate of inflation and rate of growth of DME demand decrease, HCFA should seek to eliminate the CPR mechanism entirely in some regions of the country for a period of at least three years and evaluate the result.

STATEMENT OF THE BLUE CROSS AND BLUE SHIELD ASSOCIATION

Thank you for this opportunity to comment on the Medicare administration budget. As you know, the Blue Cross and Blue Shield Plans have been heavily involved in Medicare since its beginning, and are deeply committed to cost-effective administration of the program.

We believe strongly that to skimp on the budget for administration is to invite higher payouts for benefits. Administrative activities — the review of claims and auditing of providers' reported costs — assure that Medicare payments are made properly. In fact, the Health Care Financing Administration (HCFA) has added up the benefit dollars saved through such activities and found the savings to be at least four times what is spent for contractor work on them.

Mr. Chairman, your Committee knows that good administration of the Medicare program can save benefit dollars, and that to neglect the administrative budget is "penny wise and pound foolish". Your Subcommittee provided leadership as the Congress took steps in the Fiscal Year 1983 budget process to add funds for Medicare contractors — funds which are now being put to good use to restore contractors' payment safeguard activities. Rebuilding these contractors' capabilities will yield long-range positive effects and reductions in program expenditures. However, we still have to face other results of Fiscal Years 1981 and 1982, when inadequate funding not only caused a reduction in contractors' staffing, but also caused disruption in their operations and apprehension about funding stability for future years. As a result of this series of budget cuts, the rebuilding of contractors' capabilities has proceeded at a more deliberate pace than would have been the case in a more stable environment.

Recent Instability

The processes for setting and appropriating the budget for Medicare contractors were reasonably orderly and stable through Fiscal Year 1980. This changed considerably in Fiscal Year 1981, when contractors thought they had an annual budget approved at the start of the fiscal year, but were notified halfway through the year that substantial reductions would have to occur. The more significant problem occurred in Fiscal Year 1982, when there was uncertainty about the funding level for most of the year, with the amount fluctuating frequently throughout the year. Fiscal Year 1982 began with doubts that there would be enough funding — and contractors staffed down accordingly — but ended with contractors not being able to use all the funds eventually released in the last two months of the year. For Fiscal Year 1983, the funding level started significantly below our estimated need, although it was increased in the continuing resolution passed in December.

These fluctuations in available funds have created contractor apprehension about what will happen next. This tends to have untoward consequences on staffing. Funding stability is especially vital in functions which require experienced, well trained professional staff. It takes at least a year, often two, to train a new auditor who is thoroughly familiar with the complicated requirements of Medicare reimbursement principles and procedures. These experienced professionals are hard to find and, once lost, are virtually irreplaceable in a short time due to the high demand for them. The provider community has already shown us it is willing to pay high salaries to attract contractor personnel who are experts in Medicare reimbursement. Further, it is not feasible to recruit new staff for a one-year period. Contractors cannot attract or retain competent professional staffs if the contractor has a public image of a "helter skelter" employer — hired today, fired tomorrow.

Funding Needs for Fiscal Year 1984

Our most immediate concern is whether sufficient funding will be available in Fiscal Year 1984. New priorities have been set for this year because of the recent legislative changes. Although many specifics are not yet available about contractors' operational assignments to implement these changes, one point is clear — the job will not be done, or be done well, if contractors do not receive the funding for the necessary manpower and operational changes, as well as for support of routine processing efforts in Fiscal Year 1984.

There is a significant amount of work to be done to implement the new prospective payment system; this activity is first priority — appropriately so. Although HCFA has initiated efforts to assure the new system can be implemented by October 1, 1983, as required by law, many key decisions have yet to be made about how this system will be implemented and operated. The process of implementation will continue throughout Fiscal Year 1984.

Prospective payment is not the only area where key policies and implementation decisions are still being developed. Instructions are not yet available for implementation of several other key TEFRA provisions — the start-up of Peer Review Organizations and implementing the new hospice benefit.

For Fiscal Year 1984, the Administration has proposed a contractor funding level of $837 million. Since the Administration had to develop this proposal before passage of the recent law, that amount excludes funds for implementing the prospective payment system. Although we recognize the difficulty of making accurate estimates in this area, we believe Congress should appropriate a total of $880 million for Medicare contractors in Fiscal Year 1984. Our estimate includes projected costs for implementing prospective payment. It assumes a reduction in costs because of contractors' productivity gains and assumes the same increase in workload and inflation that HCFA is currently projecting for Fiscal Year 1984. It also includes amounts that could be used to handle unanticipated situations such as postage increases, unexpected inflation and unexpected workload increases.

Our recommended funding level for Fiscal Year 1984 represents an $60 million increase over the Fiscal Year 1983 funding level. $110 million is needed to implement prospective payment and to account for inflation and increased workload. This needed increase would be offset by $50 million which will be saved through productivity gains, for a net increase of $60 million.

Our assumptions also consider that the new Medicare prospective payment system will require significant auditing of provider inpatient costs. Intermediaries will still have to audit all the hospitals' costs to assure that certain "pass through" costs, such as capital and education, are appropriate. Auditing is also required to assure that the allocation of costs to hospital outpatient departments is appropriate since they continue to be reimbursed on a cost basis. Finally, other providers, such as skilled nursing facilities and home health agencies, require continuing cost reimbursement and auditing by interemediaries.

In summary, we believe that a funding level of $880 million is necessary for Medicare contractors in Fiscal Year 1984. We urge you to continue on the course initially established last year which recognized the necessity of adequate contractor funding levels to assure proper benefit payments.

STATEMENT OF JANE HURD, PRESIDENT, CALIFORNIA ASSOCIATION OF CHILDREN'S HOSPITALS

Introduction

The California Association of Children's Hospitals (CACH) is a nonprofit organization founded to promote adequate recognition of the special needs and circumstances of children's hospitals in the formulation of public health care policy. The Association is composed of seven member institutions providing the vast majority of all tertiary and many of the secondary health care services to children in the State of California.

As documented in the Study to Quantify the Uniqueness of Children's Hospitals, these institutions operate at a higher cost than general hospitals because of the type and intensity of care required for their patient population. For example, children's hospitals maintain more specialized services, such as neonatal care, treatment for developmental disabilities and family counseling, and devote a greater percentage of beds and days of hospitalization to intensive care than general hospitals. Also, quite simply, children require substantially more attention by health professionals than other patient populations.

In addition to the specialized, intensive care provided to their patients, children's hospitals serve a proportionately greater number of indigent children. On the average, children's hospitals deliver a significantly higher percentage of free care -- averaging about 17 percent of total gross charges -- than general hospitals. Moreover, within each of our children's hospitals, Medicaid beneficiaries represent from one-third to over one-half of all patients served. Clearly, children's hospitals are heavily dependent on public revenues to support their health care facilities.

From this unique perspective, CACH would like to take this opportunity to comment on the Administration's Fiscal Year (FY) 1984 budget proposals for child health care. As President of this Association, I would like to share with you our concerns over the budget request for the Medicaid program and the Maternal and Child Health (MCH) Block Grant.

MEDICAID
(Title XIX of the Social Security Act)

Copayments

Prior to the passage of the Tax Equity and Fiscal Responsibility Act of 1982 (TEFRA), states were allowed to impose cost-sharing requirements on the categorically eligible (*i.e.*, individuals receiving cash assistance) only for optional services and on the medically needy (*i.e.*, individuals with incomes above cash assistance standards) for all medical services. In contrast, TEFRA allowed states to impose copayments on both categorically eligible and medically needy individuals for all health care services. However, children and pregnant women as well as individuals in long-term care facilities were exempted from these copayment requirements.

For FY 1984, the Administration would require states to extend cost-sharing requirements for all inpatient and outpatient services, including services rendered to children. For the categorically eligible, a $1.00 per visit copayment would be charged for physician, clinic and hospital outpatient services and a $1.00 per day copayment would be assessed for inpatient hospital services. For the medically needy, a $1.50 per visit copayment would be charged for physician, clinic and hospital outpatient services and a $2.00 copayment would be assessed for inpatient hospital services. In an attempt to reduce the unnecessary utilization of health care services, this proposal allegedly would result in $249 million in savings for 1984.

First and foremost, the greater percentage of children are hospitalized, not out of choice or election, but because they are extremely sick. In fact, the major costs associated with the hospitalization of children arise from treatment intensity, including extensive nursing care. Once a child has been hospitalized, copayments will not contain the cost of providing specialized services and intensive care.

Second, children cost the Medicaid program substantially less than any other age group. Although they comprise almost half of the recipient population, children account for only 19 percent of Medicaid expenditures. To the extent that these children are subjected to cost-sharing requirements, the savings generated will be minimal.

Finally, children's hospitals will be forced to attempt collection and, where families are unable to pay the cost-sharing fee, absorb the additional cost of providing this health care at no charge. Given the proportionately high percentage of nonpaying patients and Medicaid beneficiaries served by our children's hospitals, coupled with the budget cutbacks in the Medicaid program already sustained over the past years, we simply cannot afford this additional reduction in revenues.

Of course, the real impact of these copayment requirements will be seen in their effect on the health of this nation's children. Out of financial necessity, hospitals increasingly will be forced to terminate crucial health care services and to undercut the quality of these services. Ultimately, the ten million children whose sole means of financing medical treatment and hospitalization is Medicaid will suffer from the added financial burdens of these copayment requirements as well as the inability to obtain necessary health care services.

For these reasons, we urge this Subcommittee to reject the Administration's FY 1984 proposal to extend cost-sharing requirements under the Medicaid program to children.

Federal Matching Payments

The 1981 Omnibus Budget Reconciliation Act reduced federal payments to states for Medicaid by three percent, four percent and 4.5 percent in 1982, 1983 and 1984, respectively. As a part of its FY 1984 budget request, the Administration is proposing to extend the authority for these reductions in federal matching payments, including the offsets, at three percent in 1985 and beyond. The cost to the State of California would be approximately $100 million annually.

As you undoubtedly are aware, the $3.1 billion in Medicaid cuts in FY 1982, FY 1983 and FY 1984 under the 1981 Budget Act have forced states to cut back on preventive and supportive health services for low income families and children. In a national survey conducted by the Children's Defense Fund on the impact of federal budget reductions on state programs during 1982, every state reported cutbacks in their Medicaid programs as a result of stricter eligibility requirements and/or limitations on health care services. In addition, most of an estimated 1.5 million children, recorded as losing AFDC status since October, 1981, have lost their Medicaid eligibility.

In the State of California, stricter financial criteria have been imposed on the "medically needy" to limit eligibility in the Medicaid program. In addition, copayments have been established for Medicaid beneficiaries, including children over twelve years of age, to receive health care services. (Because these copayments are "experimental," they have been excluded from the 1982 law prohibiting the imposition of copayments on children under the age of 18 years.) Moreover, certain drugs have been eliminated from the list of prescribed drugs covered under the Medicaid program.

For organizations like children's hospitals, these cutbacks have posed severe financial problems. In several of our member institutions, the inpatient rates for private patients already have been marked up to cover revenue losses from outpatient services, inpatient services for indigent patients, shortfalls in the State's Medi-Cal program and bad debts. Further cost shifting to offset the proposed reductions in

Medicaid payments only will encourage private patients to go to other hospitals and clinics for treatment. This shrinking of the private patient base, in turn, will exacerbate the problem by forcing our children's hospitals to become even more dependent upon the Medi-Cal program. Quite simply, very little opportunity exists for the hospitals to shift costs to other sources.

The results of these proposed reductions will be to force our member institutions to provide even higher levels of free care and/or cut back on previously provided services. Ultimately, the communities served by our hospitals will suffer from the added financial burdens of receiving this health care as well as the inability, in some instances, to obtain necessary services.

For these reasons, we urge this Subcommittee to reject the Administration's FY 1984 proposal to reduce federal matching payments by three percent in 1985 and beyond.

MATERNAL AND CHILD HEALTH BLOCK GRANT
(Title V of the Social Security Act)

Since 1935, the Maternal and Child Health and Crippled Children's Services programs -- authorized originally by Title V of the Social Security Act -- have been the major federal health initiative aimed specifically at needy mothers, infants and handicapped children. Emphasizing prevention, early detection and specialized treatment, these programs have been successful over the past 45 years in reducing infant mortality, decreasing the incidence of mental retardation, treating crippled children and improving the overall health of mothers and children. In 1980 alone, the Title V programs reached nearly 12 million children and mothers with services ranging from basic prenatal care for mothers and immunizations for children to the most sophisticated medical treatment for crippled children and intensive care for newborn infants.

Budget Overview

Since the 1981 Budget Act, this national commitment to improve child health has been streamlined through the MCH Block Grant. States have been afforded greater authority to address their own particular needs in the coordination of the Maternal and Child Health and Crippled Children's program; the Supplemental Security Income Program for Disabled Children; the Lead-Based Paint Poisoning Prevention program; the Voluntary Testing and Counseling Programs for Genetic Diseases; the Sudden Infant Death Syndrome program; the Hemophilia Diagnosis and Treatment Centers program; and the Adolescent Pregnancy program.

However, the FY 1982 authorization of $373 million represented an 18 percent reduction from the FY 1981 level of funding. Moreover, no increased funding has been authorized by Congress for FY 1982 or FY 1983. This year, the Administration again is proposing to maintain level funding for the MCH Block Grant in FY 1984.

Consequences of Budget Reduction

Since implementation of these budget reductions, states have been forced to cut back on the basic preventive health services for mothers and children. In a national survey conducted by the Children's Defense Fund on the impact of federal health budget reductions on state maternal and child health services during 1982, 47 states reported cutbacks in the MCH Block Grant through restrictions in eligibility and/or services.

In the State of California, Title V services have been restricted to families with incomes equal to 200 percent of the federal poverty level.* Formerly, no income had been set for an individual to receive such services. In addition, the State has eliminated nutrition, health, education and social services from its "Obstetrics Access Program," a special program designed to promote access to maternity services for underserved mothers.

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* At present, for a family of four, the federal poverty level is $5,307; for an individual, it is $2,640.

Moreover, funding for the prevention of lead-based paint poisoning has been reduced by 100 percent in FY 1983.

For organizations like children's hospitals, the consolidation of more programs within the MCH Block Grant at a reduced funding level has meant greater competition among more interest groups for fewer dollars. Some of the projects affected by this cutback are those funded through the California Children's Service Centers located within the children's hospitals. These programs include treatment for children with cardiac problems, congenital spine and other crippling diseases, genetic disorders, endocrine metabolic diseases, hemophilia and cystic fibrosis.

Los Angeles County already has notified health care institutions, including the Children's Hospital of Los Angeles, of massive curtailments in the Children's Service program effective March 21, 1983. Reimbursement no longer will be provided under this program for the following medical conditions: benign tumors; PKU and other inherited metabolic disorders; mastoiditis; chronic otitis media; nasal polyps; deviated nasal septum; strabismus; cerebral palsy; cleft lip/palate; CNS inflammatory/hereditary disorders; ulcerative colitis/regional ileitis; uncomplicated fractures (e.g., uncomplicated fractures of the femur, hand or finger); and amniocentesis for suspected inherited disorders. Moreover, elective surgery, ambulatory services (e.g., hospital/physician visits), authorized professional services (e.g., orthodontia, speech therapy, outpatient social services) and equipment (e.g., orthopedic appliances and wheelchairs) will not be covered under this program.

Clearly, these cutbacks are affecting the delivery of essential health care services. Tragically, the shortfall in state revenue for the California Children's Service programs cannot be absorbed totally by our children's hospitals which currently are operating on restricted budgets. Ultimately, the target population -- infants and handicapped children -- will not receive needed hospitalization and surgical care.

Unless additional funds are provided the MCH Block Grant in FY 1984, an already critical situation will continue to deteriorate without any hope of improvement in the near future. To support this nation's longstanding dedication to promote maternal and child health and crippled children's services, I urge this Subcommittee to provide at least $478 million for the MCH Block Grant in FY 1984.

STATEMENT OF PEGGY MCFADDEN, C.R.N.A., AMERICAN ASSOCIATION OF NURSE ANESTHETISTS

I am Peggy McFadden, a Certified Registered Nurse Anesthetist (CRNA), a member of the Board of Directors of the American Association of Nurse Anesthetists (an association of 18,000 CRNAs), and an active member of the Kentucky Association of Nurse Anesthetists which has 300 members. I am the Chief Nurse Anesthetist at the Veterans Administration Medical Center in Lexington, Kentucky. The issue I am testifying on today is the need for additional nurse anesthetists in our health care system and the importance of funding nurse anesthetist traineeships to increase the number of these highly qualified nursing specialists.

Certified Registered Nurse Anesthetists are one of two major providers of anesthesia services in this country. The nurse anesthesia profession began in the late 19th century with nurses often providing the majority of anesthesia services in some sections of this country. In fact, one of the earliest court cases which established the appropriateness of nurses functioning within this field took place in Kentucky, 1917-1919, in the Frank decision. And, as a result, it was in 1919 in Ohio that an amendment to the Ohio Medical Practice Act was enacted stating that nothing in that Act was to be construed to prevent nurses, appropriately qualified and working under the direction of a physician, from providing anesthesia services. Today, we provide 70% of the anesthesia care in rural areas and 50% of such services across the nation.

Our practice is legally sanctioned through state laws and regulations in all 50 states and those territories over which the United States exercises jurisdiction. We are further identified in 34 of the states as advanced/expanded role professional nurses for practice in collaboration with and/or under the direction of physicians, dentists, or other health professionals legally authorized to render anesthesia services.

Today, to be a CRNA, one must:

1. Graduate from an approved school of nursing and hold current registration by state licensing authorities as a registered nurse;
2. Graduate from an approved program of nurse anesthesia accredited by the Council on Accreditation of Nurse Anesthesia Educational Programs/Schools or its predecessor;
3. Evidence individual competency by passing a certifying examination which confers certification by the Council on Certification of Nurse Anesthetists or its predecessor; and
4. Be recertified every two years by the Council on Recertification of Nurse Anesthetists.

Our records indicate over 95% of nurse anesthetists practicing maintain current recertification on a national basis.

The CRNA's practice modalities are essentially in three areas: (1) as hospital employees (60%); (2) as employees of physicians (30%); and as independent contractors with hospitals (5%). The other 5% function with the military services, the Veterans Administration, and the U.S. Public Health Service.

As stated, CRNAs predominantly provide their services to hospital inpatients. However, there is a growing trend toward these same services in outpatient ambulatory care centers and in physician and dentist offices appropriately equipped and meeting state requirements.

With regard to payment for services rendered, the majority of CRNAs as salaried employees and have a mean earning of $27,000 annually, whereas earnings of anesthesiologists are substantially higher approximating at least four times that amount as reported by the Health Care Financing Administration. At this time, 33% of the Blue Shield plans, 16% of the Medicaid programs, and numerous other third party payers award direct reimbursement to the independently contracting CRNA. CRNAs are a long proven, cost effective provider of anesthesia services.

The fact that nurse anesthetists are a significant group in the delivery of anesthesia services was graphically pointed out by Dr. Feldstein of the University of Michigan in a 1974 study of 16,500,000 surgical procedures. The largest percentage of anesthetics administered, 48.5%, was rendered by CRNAs; 38.3% was rendered by anesthesiologists, including both those Board-certified and non-Board-certified; 9.7% by physicians other than anesthesiologists; and 3.5% by registered nurses other than CRNAs. A further breakdown of those procedures indicated that CRNAs administered approximately two-thirds of all the anesthesia procedures in hospitals of fewer than 100 beds.

We are providing this testimony today to demonstrate the need for funding of a nurse anesthetist traineeship program which was authorized in technical amendments to the Public Health Service Act found in P.L. 97-414, the Orphan Drug Act. Authorization levels for this program are $400,000 for the fiscal year ending September 30, 1983, and $800,000 for the fiscal year ending September 30, 1984. We urge that it be funded at the full authorization level. This authorization had been deleted in the Reconciliation Act of 1981 and was corrected by this technical amendment to the Orphan Drug Act. The program was first authorized in 1980 and $1 million was budgeted in the Carter Administration budget for FY 1981.

It is well accepted that the most cost effective anesthesia care system is one in which there is full and effective utilization of CRNAs in the administration of anesthesia. In many areas only CRNAs deliver anesthesia services, utilizing the patient's primary or attending physician for medical consultation as may be required. In other areas, there is a team approach involving both CRNAs and anesthesiologists. To date, no research has definitively identified the appropriate manpower mix between CRNAs and anesthesiologists. The GMENAC report recognizes an ideal ratio of 2:1 CRNAs to anesthesiologists. In actual team practice settings, the ratio is frequently 4:1 with no demonstrated adverse impact on the quality of care provided. The Medicare program recognizes a 4:1 ratio for purposes of reimbursing physicians for the medical direction of anesthesia under Part B of Medicare. To utilize ratios of less than 4:1 for the majority of anesthesia services, or to substitute costly M.D. services for CRNA services is not cost effective. Yet, at this time, the number of CRNAs relative to anesthesiologists is well below the 2:1 ratio. The number of educational programs for preparing nurse anesthestist has significantly declined in many instances because of economic pressures, and we are making minimal progress in increasing the supply of this vital cost effective anesthesia manpower resource.

According to a 1976 study by the then HEW Bureau of Health Manpower on the "Supply, Need and Distribution of Anesthesiologists and Nurse Anesthetists in the United States, 1972 and 1980" (HRA: 77-31), there was a projected need of from 22,000 to 25,000 nurse anesthetists in 1980. An ongoing study sponsored by the AANA, being performed by the Center for Cybernetic Studies at the University of Texas, has established a current need for 22,378 CRNAs. As stated, there are about 18,000 active practicing CRNAs, of whom 2000 are involved in educational and administrative activities. The current shortfall of CRNAs in clinical practice is therefore estimated to range between five to seven thousand, or amost 35-45% of the current supply. With the disturbing drop in the number of nurse anesthesia educational programs, we are only producing approximately 1200 new graduates each year. Since our specialty is some ninety years old, our attrition from the ranks of active practice approximates 700 per year -- from retirement, death, disability or other causes. Thus, our net gain per year is only about 500 new CRNAs.

The recent Institute of Medicine study published in January 1983, dealing with "Nursing and Nursing Education: Public Policies and Private Actions", indicates that the major issue of nursing shortages in this decade and through 1990 lies in the area of advanced nursing preparation. This study specifically cites clinical specialists such as nurse anesthetists, nurse midwives, and nurse practitioners, as areas of clinical nursing practice which demand advanced education and in which substantial shortages exist. We are fully in accord with the general findings of this study and we strongly urge your support of the study's recommendations pertaining to the requirements for higher levels of Federal funding to support graduate nursing education.

Nurse anesthesia has minimally benefitted from previous funding through the Nurse Training Act. Most of our programs have and continue to be hospital-based, though in recent years we have seen a trend toward movement into institutions of higher learning at the graduate level. Thus, the majority of our programs or students do not have access to the usual sources of Federal funding, either grants or loans, that is available to most colleges and their students.

We, therefore, come to you with a very modest proposal which we believe will be helpful in alleviating the shortfall in our specialty. While there is little question that we need fiscal support for the development of faculty and new programs, we believe there are sources we can tap to acquire some funding for these, particularly if the Committee looks favorably on the recommendations of the Institute of Medicine study. Today we urge the Subcommittee to appropriate the full $800,000 for nurse anesthetist traineeships for FY 1984, and if at all possible, to provide $400,000 for the FY 1983 budget in a supplemental appropriation. Though we consider this amount minimal, it would support 200 traineeships for individuals who might not otherwise be able to afford to prepare for this clinical specialty.

The time commitment devoted to educational activities of nurse anesthesia students approximates 60 hours per week. Thus, little time is afforded for part-time work to help support oneself, or family during this arduous 24-month program. We believe fiscal support through such a traineeship fund will allow deserving students an opportunity to more fully benefit from their educational opportunity, and health care consumers requiring anesthesia services become the ultimate beneficiaries of such funding.

We thank this Committee for its time, for its attention, and its thoughtful consideration of our request. We are hopeful that the Congress will include appropriations for this nurse anesthetist traineeship program to help alleviate the shortage in this vital profession. We believe that revenues spent in this important program will enhance the quality of anesthesia care to the American people in the years and decades to come. We also believe that this modest appropriation of $800,000 in FY 1984 can be recouped many times over through present and future savings in Medicare and Medicaid Federal spending alone because of its support in the preparation of proven, cost effective alternatives to costly physician services. We believe that Certified Registered Nurse Anesthetists hold the key to anesthesia cost containment today and in the future.

STATEMENT OF VINCENT L. CONNERY, NATIONAL PRESIDENT, AND JERRY D. KLEPNER, DIRECTOR OF LEGISLATION, NATIONAL TREASURY EMPLOYEES UNION

We are pleased to have this opportunity to testify on the Reagan Administration's budget request for the Department of Health and Human Services for FY 1984. The National Treasury Employees Union (NTEU) is the exclusive representative of over 125,000 Federal workers, including the employees of five regional offices of HHS and some headquarters components.

For the third straight year, the Administration has requested cutbacks in the staffing available to HHS, despite the increasing workload imposed on the Department by economic conditions, demographic factors, and legislative changes in Federal health and income maintenance programs. We are gravely concerned about the extent of the cutbacks because of rising caseloads in the agencies that administer these programs, and the fact that it is most often the neediest persons in society -- the poor, the disabled, the sick, and the elderly -- who suffer when claims are not processed, cases are not reviewed, appeals are not heard, and lengthy delays occur in receiving benefits.

It should not be forgotten that, no matter how efficient we become in the use of computers, the administration of social services is a people-intensive business. About 55 percent of the program management budget of HHS is for personnel compensation. The requirement for adequate staff is due to the complexity of the laws governing the entitlement programs, the need for effective managerial controls over the huge sums disbursed to individuals and states in a wide array of activities, and the requirement for human judgment in deciding particular cases.

In FY 1984, the Administration proposes to fund 137,900 staff-years for HHS, a reduction of 4,100 staff-years from the level approved by Congress for FY 1983. This is a full 10,500 staff-years below the actual employment level of just two years ago, as the following table shows:

HHS Total Staff-Years

	FY '81	FY '82	FY '83	FY '84
Budget Request		139,000	141,400	137,900
Approved by Congress		147,600	142,000	
Actual Employment	148,400	141,548		

In justifying these reductions, the Administration points to administrative efficiencies such as consolidation of categorical programs into block grants, and turning additional activities over to the states. We believe such claims should be closely scrutinized because Congress has refused to go along with some of these proposals and program administration has remained with the Federal government.

Moreover, the attempt to reduce costs and tighten eligibility standards for various entitlement programs has led to numerous legislative and administrative changes that require additional staff resources for implementation. For example, the Administration's action in dropping thousands of disability income recipients from the rolls has swelled appeals caseloads and forced adoption of a more equitable, case-by-case approach to such decisions.

Finally, recent legislation has already invalidated the assumptions upon which the budgets for some agencies were based. The recently-enacted Social Security reform legislation contains 24 major provisions requiring implementation. In just one area, 36 million beneficiaries will start receiving next year an annual tally of their Social Security benefits for income tax purposes.

The Social Security bill also overhauls the Federal payment system for Medicare and Medicaid, allowing a flat fee to hospitals for each of 467 different categories of treatment. Conversion to the new system will require a major effort by the Health Care Financing Administration, yet the HCFA budget was prepared without consideration of the additional staff requirements for such an effort.

In light of these facts, we believe Congress should reject any further reduction in overall HHS staffing and adopt an alternative budget based upon a realistic assessment of workloads in the Social Security Administration, Health Care Financing Administration, Public Health Service, Office of Human Development Services, and Food and Drug Administration. NTEU's recommendations are based upon data contained in the Congressional budget submissions for these agencies, and are compared with the Administration's request in Enclosure 1 appended to this statement.

Let us turn now to a consideration of each agency's budget, and NTEU's justification for its alternative proposals.

Social Security Administration

The Administration has requested $3.7 billion for administrative expenses of SSA in FY 1984, an increase of $200 million over FY 1983. However, the staff-years funded by the Administration's budget are reduced by 2,419 from the FY 1983 level, as the following table shows:

Social Security Administration

(Limitation on Administrative Expenses)

	FY '81	FY '82	FY '83	FY '84
Funding (in billions)	2.8	3.1	3.5	3.7
Staff-years	78,842	81,870	82,186	79,767

The "Limitation on Administrative Expenses" account provides funding for the program management of Trust Fund (OASI, HI, DI) and Supplemental Security Income (SSI) programs of SSA. Altogether, 78,000 of the 79,767 staff-years requested for FY 1984 are included in this budget account. In its Congressional budget submission, the Department explicitly acknowledges substantial workload increases (over FY 1983) in the following program areas:

	Additional Staff-Years Required (SSA Estimate)
1. Increase in claims workloads	+ 1,572
2. Implementation of new Disability/Appellate Plan (in-person hearing to replace existing paper reconsideration process)	+ 643
3. Expanded requirements for verification of care and accountability	+ 270
4. Increase to reduce appellate workload backlogs	+ 163
TOTAL WORKLOAD INCREASES	+ 2,648

According to the Administration, the increase of 2,648 positions due to workload growth is offset by decreases of 4,537 positions, yielding an overall reduction of 1,889 permanent positions. However, two of the given staff-year reductions are highly questionable. The first is a reduction of 1,087 staff-years due to "procedural and automation improvements". This is another way of saying a productivity increase is hoped for; but experience shows that productivity increases from unspecified sources seldom materialize, the result being increased caseloads and backlogs. Also, when automation is cited as a source of productivity gains, it is often forgotten that sophisticated computers will process incorrect data as fast as they process correct data. The Department uses only four words to justify this 1,087 position cut, leading one to suspect that it cannot make a better case. We urge the Subcommittee to restore the entire amount.

The second questionable reduction of 700 positions is for "utilization of contracts where economical and not inherent to normal Government functions". This reduction is to be "offset by additional contract costs". In other words, the jobs of 700 Federal workers are to be eliminated so that money that would otherwise pay their salaries can go to private contractors. For SSA to blatantly own up to this practice is disgraceful, though it is in line with what we have come to expect from this

Administration. We believe that contracting out can only be justified when government resources are not available to do the job. Any other course is simply a waste of the taxpayers' money. To trade off contracts for government jobs, as this budget does, is simply a way for this Administration to reward its friends. We strongly urge the Subcommittee to disapprove this reduction and restore these 700 positions, and to require the Department to justify its contracts on their merits and not as a substitute for staff.

Disapproving these two unsupportable reductions, and restoring a total of 1,787 positions, would leave SSA's budget essentially unchanged in FY 1984. However, there are two other areas that the Subcommittee should consider for additional resources: first, to provide an equitable review process in disability cases while reducing the backlog of cases under appeal; and second, to provide for implementation of the recently-enacted Social Security reform legislation.

The hasty review of disability cases carried out by this Administration has led to unwarranted denial of benefits to many disabled persons and has been the subject of continuing Congressional and public concern. In hearings before the Senate Committee on Aging only a month ago, witnesses told the Committee that thousands of mentally ill people were being forced off the Social Security disability rolls without adequate evidence or examination. Many of these individuals were confined to hospitals, unable to work, and dependent upon their disability benefit for a major portion of their income. Committee Chairman John Heinz said testimony by the General Accounting Office, doctors, and state officials was evidence of a "callously unfair system" that has produced a "virtual holocaust" against the mentally ill. Of 633,000 cases reviewed by SSA between January, 1981 and August, 1982, initial orders were issued for termination of benefits for 335,000 persons, including 86,000 mentally disabled. Appeals of these cases have created a huge backlog of reconsiderations, hearings, and appeals.

SSA has acknowledged that its disability review procedures were sorely deficient, consisting entirely of a paper process with no opportunity for a face-to-face interview until a hearing before an Administrative Law Judge. The agency has now instituted new procedures, beginning with a face-to-face interview with an SSA employee in a district or branch office. Where the finding in a Continuing Disability Investigation (CDI) is contested, "reconsideration" is the first step in the appellate process. The former paper process has now been replaced by a speedy, face-to-face hearing before an SSA hearing officer. The final stage of a CDI appeal consists of a hearing before an Administrative Law Judge.

The SSA budget for FY 1984 includes 1,693 staff-years to implement this new procedure, an increase of 643 staff-years over FY 1983.

In addition, staffing in SSA's Office of Hearings and Appeals will rise to 6,445 -- an increase of 163 positions over FY 1983 and 1,011 positions over FY 1982.

These additional resources should be considered the minimum essential requirement for a viable disability review process. Because the Administration drastically reduced the number of CDI's initiated in FY 1983, the number of hearing requests and cases reaching ALJ's in FY 1984 will also be reduced. Nevertheless, it is doubtful that 800 additional staff-years will be adequate to accommodate the 48,500 additional reconsiderations (13.3 percent higher than FY 1983), 43,870 additional hearings (16.1 percent higher), and 30,300 appeals (34.2 percent higher) programmed for FY 1984. The ALJ appeals backlog alone was 154,328 cases on October 31, 1982. This will not be reduced in FY 1984 if the number of cases is rising 34 percent.

Consequently, the Subcommittee should give serious consideration to providing the additional staff required to implement an adequate disability review system. SSA has been criticized by Congress for its cursory handling of this sensitive area. Now that SSA has instituted a new procedure, Congress should ensure that the necessary resources are provided. As a step in this direction, we strongly recommend that an additional 100 staff-years for the Office of Hearings and Appeals and an additional 300 staff-years for the CDI program should be provided.

The Congressional budget submission for SSA contains the following statement on page 203:

> "The budget request for LAE (Limitation on Administrative Expense) is based on current law. It does not include administrative resources that would be required to implement the recommendations of the National Commission on Social Security Reform or to implement other proposals which would affect administrative costs of the Social Security and SSI programs."

The recently-enacted Social Security Reform Act will impact substantially on the administration of Social Security in FY 1984. For example, taxation of one-half the Social Security benefit for individuals with adjusted gross incomes over $25,000 will require SSA to send to 36 million beneficiaries an annual tally of this benefit. SSA has already announced that it will begin sending these notices next year. The provision making aged, blind, and disabled residents of public emergency shelters for the homeless eligible for SSI will increase the SSI rolls. The requirement to formally notify elderly Social Security recipients that they may be eligible for SSI will have the same effect. A substantial number of additional administrative tasks are entailed by the 24 major provisions of this law.

In the face of changes of this magnitude in the basic legislation, it is clearly essential that the Administration submit a revised budget request for SSA as soon as possible. This could be handled by means of an FY 1984 supplemental appropriation next year, but it is equally apparent that Congress should have before it today a realistic SSA budget rather than one that has been overtaken by events. We therefore urge the Subcommittee to call upon the Department to submit a revised budget request for SSA as soon as possible, with emphasis given to the additional tasks and resources associated with the new law.

Health Care Financing Administration

The Administration's budget proposes a 256 staff-year reduction in HCFA for FY 1984. Combined with an earlier cut of 295 staff-years in FY 1983, there would be a total reduction of 551 staff-years or 12 percent between FY 1982 and FY 1984. Yet the number of Medicaid and Medicare beneficiaries has continued to grow significantly, and major new burdens have been imposed upon HCFA by the Tax Equity and Fiscal Responsibility Act of 1982 (TEFRA) and the Social Security Reform Act of 1983. A further challenge is the Administration's promise to submit legislation dealing with the loss of health insurance coverage by 11 million unemployed persons.

The divergent trends between the resources allotted to HCFA and the growth of Medicare and Medicaid are shown in the following table:

Health Care Financing Administration

Program Management

	FY '81	FY '82	FY '83	FY '84
Funding ($ thousands)	182,809	179,462	194,226	201,051
Staff-years	4,857	4,495	4,200	3,944
Medical Assistance Recipients (thousands)	22,469	21,764	22,233	22,584
SMI Beneficiaries (thousands)	27, 691	28,223	28,742	29,265

HCFA will be extremely hard-pressed to meet the new demands of TEFRA with no additional resources. The Act contains a number of broad and diverse provisions aimed at containing program costs, creating changes in benefits, and establishing a quality control program. As the agency's Congressional budget submission states: "Although TEFRA has imposed a sizeable workload upon HCFA, no increase in staff has been requested." Yet, the publication of implementing regulations for TEFRA will result in savings of $8 - $9 billion over the next three years.

An additional burden has been imposed by legislative enactments aimed at giving states greater flexibility in administering Medicaid programs. To accomplish this, HCFA must review all Medicaid State Plan amendments and requests for waiver of program requirements. During the first eight months of 1982, HCFA received and processed 794 State Plan Amendments and 661 waiver requests. "The volume and priority status of this workload, together with the 90-day statutory approval requirement, demand heavy use of HCFA staff time at all levels," according to the Agency.

A major reform in hospital cost reimbursement, the prospective payment system, was included in the Social Security Reform Act. Under the new system, standard fees are to be established in advance for 467 different categories of illnesses or "diagnostic groups". What will make the program particularly burdensome to administer is the fact that the nation is divided into nine regions; these are subdivided into urban and rural areas, and a different set of 467 fees will be established for each area. In addition, there are exceptions for very sick patients and for teaching hospitals.

Considering the appellate rights of the hospitals and Medicare contractors who may not agree with the fees applied to them, and which HCFA will have to adjudicate, it is small wonder the bill has been called "the lawyers' and accountants' relief act". Yet, by eliminating the present cost-plus system, prospective payment offers a real hope of containing soaring hospital costs and preventing the bankruptcy of Medicare. Implementation of the new system deserves high priority, and resource constraints should not be allowed to hinder this effort.

When the HCFA Administrator appeared before the Senate Labor, HHS, and Education Appropriations Subcommittee on April 8, her statement noted the enactment of the prospective payment system but was silent as to the additional resources required for its implementation. Since the HCFA budget did not assume enactment when it was prepared, this is another case where this Subcommittee should either require preparation of a revised budget request or take the lead in approving additional resources.

The Subcommittee should also keep in mind the statement of HHS Secretary Heckler to your Senate counterpart last April 5, that the Administration intends to send Congress a plan to deal with the health needs of 11 million people who lost employer-provided health insurance due to unemployment. Enactment of such a proposal would place an additional administrative burden on HCFA.

Of the 256 positions to be eliminated in FY 1984, 116 are associated with the Administration's plan to eliminate in-house operation of the Medicare providers direct reimbursement program (Medicare providers have the option of dealing directly with HCFA or with an approved Medicare contractor; at present, 1,100 providers, largely public sector or group health agencies, have chosen to do so). Under this plan, the direct reimbursement program would be contracted out to a private concern.

NTEU strongly opposes this decision as unsound because Federal employees have demonstrated their ability to do the job and are, in fact, now performing it. The plan would also cost more in the long run, because a quality control program would be needed to monitor the decisions of the private contractor, and the private contractor's costs would be more difficult to control. We urge the Subcommittee to not only restore the 116 positions, but to bar the use of appropriated funds to implement this plan.

In addition to these 116 positions, we urge the Subcommittee to approve 400 additional staff-years for HCFA for FY 1984. These resources would be utilized to keep up with a sharply increasing workload and to meet the additional burdens imposed by TEFRA and the recent Social Security amendments.

Office of Human Development Services

The Reagan Budget proposes a reduction of $3 million and 156 staff-years for the administration of Human Development Services programs in FY 1984. If approved by Congress, this would make a total of 512 staff-years eliminated in OHDS since FY 1981, or 30 percent of the agency's staffing. About 73 percent of this cutback would be in full-time permanent positions. The funding and staff-year reductions are shown in the following table:

Human Development Services

Program Direction

	FY '81	FY '82	FY '83	FY '84
Funding (thousands)	64, 268	61,528	66,467	63,892
Staff-years	1,696	1,430	1,340	1,184

The large reduction during FY 1982 was based primarily on a proposal to include seven OHDS programs in the Social Services Block Grant. These programs were Child Welfare Training, Child Abuse, Child Welfare Services, Foster Care, Adoption Assistance, Run-Away Youth and Developmental Disabilities. On page 120 of the revised FY 1982 budget the Administration stated, "The reduction includes 205 positions and $4 million associated with the Block Grant. If the proposed legislation is not enacted, the 205 positions and $4 million would remain in this account." Congress did not include the OHDS programs in the Social Services Block Grant. In the Omnibus Budget Reconciliation Act of 1981 the programs were reauthorized as categorical programs and much of the program money for them was restored. However, the positions and money needed to administer them was never restored because the Administration never requested that they be restored.

Instead a reduction-in-force was carried out in January, 1982 which resulted in the abolition of 172 positions and two to three times that number of downgrades and reassignments. The result was a veritable "fruit-basket-turn-over" at OHDS. Skilled employees were removed from jobs they knew well and were replaced with employees who had served in entirely different program areas. The whole unnecessary, wasteful and erroneously-based affair was documented by the Washington Post. OHDS has still not recovered from the effects of the RIF.

The FY 1984 budget threatens to repeat the same disruptive exercise for OHDS. There is no sound programmatic basis for the proposed staff reduction of over 100 full-time permanent employees and 156 full-time equivalents (a 12% staff reduction). While there are program reductions in several programs, these are offset by a major expansion of Head Start to provide assistance to 29,100 additional children and raise the total program level to 424,900 in FY 1984. The Administration's budget will cut the OHDS staff below the minimum number necessary to effectively administer the programs mandated by Congress.

OHDS employees call upon the Congress to stop this outrageous dismemberment of their agency, which includes the Administration for Children, Youth and Families; the Administration on Aging; the Administration on Developmental Disabilities; the Administration for Native Americans and the WIN program; as well as the Office of Program Coordination and Review which administers the Social Services Block Grant, and other support units. We urge the Subcommittee not to permit the Administration to accomplish through fiat what it has not and cannot accomplish through legislation: to merge these programs into a single block grant. We strongly recommend restoration of the OHDS staff level to the FY 1982 level of 1,430 staff-years so that the agency will be able to properly administer its programs -- programs which serve the most vulnerable of our people.

Public Health Service

The Administration's budget request for Public Health Service Management for FY 1984 is $1 million less, but 26 staff-years more than the amount provided for FY 1983. This stand-pat budget comes after sharp reductions in FY 1982 and FY 1983, when 526 staff-years or 32 percent of PHS staffing was cut by the Reagan Administration. These reductions were made entirely in full-time permanent positions.

Health Resources and Services Administration

The budget accounts for Health Resources Administration and Health Services Administration have been combined for FY 1984. The Administration's request for program management is for $10.8 million and 3,731 staff-years, a decrease of $6.4 million and 900 staff-years below the level of the current fiscal year. The staff-year reduction, if approved by Congress, would be about 20 percent of the present work force. About half the reduction is due to establishment of a new primary care block grant to the states. Coming after substantial cuts in FY 1982 and FY 1983, the total employment loss is over 7,000 staff-years since FY 1981 and 1,300 staff-years since FY 1982. NTEU strongly opposes any further reductions in HRA and HSA in FY 1984, because the budget request is totally out of line with current workload experience.

Health Resources and Service Administration Management

	FY '81	FY '82	FY '83	FY '84
Funding (thousands)	21,953	10,051	17,226	10,782
Staff-years	10,800	5,012	4,627	3,731

We urge the Subcommittee to maintain HRSA at the current (FY 1983) funding level by restoring 896 staff-years cut by the Administration.

NTEU appreciates the opportunity to present these views on the HHS budget for FY 1984. Our recommendations are summarized in Enclosure 1, and we urge their adoption in lieu of the unjustified budget cuts proposed by the Administration. We look forward to working with the Subcommittee on these matters, and will be happy to answer any questions you may have.

Enclosure 1

TABLE 1

DEPARTMENT OF HEALTH AND HUMAN SERVICES BUDGET FOR FY 1984 ADMINISTRATION'S REQUEST AND NTEU'S RECOMMENDATION

	ADMINISTRATION'S REQUEST		NTEU ADD-ON TO RESTORE UNWARRANTED CUTS AND ACCOMMODATE INCREASED WORKLOAD		NTEU'S RECOMMENDATION	
	Amount (Thousands)	Average Positions	Amount (Thousands)	Average Positions	Amount (Thousands)	Average Positions
Social Security Administration Limitation on Administrative Expenses	3,723,317	79,767	+ 60,075	+ 2,187	3,783,392	81,954
Health Care Financing Administration	83,038	3,944	+ 9,473	+ 516	92,511	4,460
Office of Human Development Services	2,193,446	1,175	+ 3,825	+ 255	2,197,271	1,430
Public Health Service Management	19,007	1,158	-0-	-0-	19,007	1,158
Food and Drug Administration	385,933	7,163	+ 10,500	+ 300	396,433	7,463
Health Resources and Services Administration	292,444	3,731	+ 31,360	+ 896	323,804	4,627

STATEMENT OF DAN R. COPELAND, PRESIDENT, NATIONAL COUNCIL OF STATE CHILD SUPPORT ENFORCEMENT ADMINISTRATORS

Good afternoon, I am Dan R Copeland, President of the National Council of State Child Support Enforcement Administrators. I also serve as the Director of the Alaska State Child Support agency. The National Council includes the operational head of each state Child Support agency. The Council members get a first hand working view of the child support program and its impact on public entitlements.

Each of us recognize that over the years the public entitlement expenditures have increased at an alarming rate. In response to this, the Administration, through their current budget proposal, is attempting to redefine what Congress set up in 1975 with the original Child Support Legislation. This proposal includes two distinctly different sections which are not related in any manner. However, they are presented together and this tends to cover certain policy changes.

The first part of the budget proposal, known last year as restructuring and known this year as performance funding, redirects the program to the AFDC governmental reimbursement work. The emphasis is on collections which are sent on to the state and federal government. Doing collection work for the custodial parent and child or non-AFDC work is merely tolerated and has insignificant funding.

The National Council is opposed to the funding proposal. I have included a survey summary clearly indicating that opposition. The reasons for opposition are also summarized.

The proposal is a narrow, shortsighted fix to a long term problem. A transition period from the current funding mechanism is offered but that does not alter the fact that the proposal's basic premise is limited and incorrect.

In addition to the basic policy defficiencies, the proposal has numerous operational defects. To begin with, the term "total collections" is redefined to include only AFDC collections as retained within each state. This will force many states to discourage or significantly reduce their interstate work. Any effort spent on the non-AFDC caseload will have a punitive financial impact under the proposal's bonus plan. When spread over 50 states the 18 million dollar payment for non-AFDC work is not adequate in concept or amount. Doing paternity establishment work does not produce an immediate collection. Under this proposal the states will be forced to reduce the paternity work. The majority of collections come from states that are dominated by local or county level operations. The proposal does not allow for stable funding which is essential to county participation.

The second part of the proposal is not a matter of funding but deals with legislation for operational improvements like wage assignments, administrative process and income tax refund intercepts. It is important to recognize that this part of the proposal is separate and totally unrelated to the funding issue. Many of the states are already working on the same type of improvements in their own state.

The Council recognizes that the Child Support process appears simple on the surface but in fact it is extremely complicated. To provide an overview from the practitioners point of view the attached Status Report is offered for general review.

In closing the Council is requesting this committee to consider the extreme defects in the funding proposal and then totally reject this part of the Administration's budget presentation.

The issue is fairly simple. Does Congress want the Child Support Program to be a Child Support service or source of government revenue. The National

Council is committed to doing both. The Administrations proposal is a poor attempt to limit our efforts to the governmental reimbursement work.

Please reject this narrow concept.

Survey Response - May 1983.

The National Council of State Child Support Enforcement Administrators polled each of its 54 members for their position on major current program issues for FY 84. That survey information is presented below.

1. The Council should take the following position with regard to the OCSE "Restructuring or Performance funding" formula:

    43 Oppose
    2 Support (one total support and one support with change)
    3 No Opinion
    6 No Response

    54 Total States and Jurisdictions

2. The Council should take the position noted above because: (The following explanations were offered most often in the survey and are the major reasons for practitioners opposition to restructuring.)

    - Restructuring penalizes those states that are effective now and pays incentives to those that have been ineffective in the past.
    - Restructuring does not provide stable funding.
    - This year's proposal has the same flaws that last year's proposal included.
    - Restructuring will have a negative impact on the entire national program.
    - Restructuring is not cost effective.
    - Restructuring will discourage or prevent interstate work.
    - Restructuring will discourage or prevent non-AFDC services for custodial parents and children.
    - Restructuring will discourage or prevent paternity establishment work.

STATEMENT OF JAMES G. HARRIS, COMMISSIONER, DEPARTMENT OF HUMAN SERVICES, STATE OF CONNECTICUT; NATIONAL COMMUNITY ACTION FOUNDATION

Senator Weicker. The next witness is Jim Harris, the commissioner of the department of human resources of the State of Connecticut, representing the National Community Action Foundation.

Mr. Harris. Mr. Chairman.

Senator Weicker. I understand that Jim Sourwine of our committee is going to be coming up to Connecticut to be in touch with you to get a first-hand look as to exactly what's going on up there.

Mr. Harris. We appreciate that very much, Mr. Chairman.

Senator WEICKER. Go right ahead.

Mr. HARRIS. For the third year, the administration has made proposals to Congress that would virtually eliminate the community action programs by eliminating the community services block grant (CSBG). They propose the elimination of the funds for the CSBG and merging them into the activities of the larger social services block grant, known as the SSBG. We are hopeful that the leadership of this committee and others in Congress would make such an elimination continue to be rejected.

Connecticut, alone, suffered $15 million lost in October 1981 from the SSBG block grant. And over the same period of time, we have lost $1 million in the CSBG grant. And if the social services block grant becomes the catch-all funding source for all the services not provided by the State municipalities and nonprofits, then we will be faced with probably the cruelest choices we have faced so far. Despite nearly a 45-percent cutback in community service funding during the last 2 years, with an increase of approximately 30 percent in the demand for the community action agencies (CAA) services, we have gone a long way in trying to meet the needs of America's needy.

And as you know, Senator, Connecticut, like other States, depends upon CAA's to provide those critical services to the needy using the community service block grant money as the workhorse. In Connecticut, for example, we received $4 million from this CSBG grant, which, in turn, generated over $60 million in funds.

And I have here the profile that I would like to present to you of those accomplishments.

Those 14 community action agencies have comprehensive programs or services and they are best able to meet immediate needs during an emergency. Although there are no two CAA's alike, the local plan and the coordination and the operation of the these programs address the priority needs of the people within those areas.

Most of the CAA's in Connecticut and throughout the Nation have as their major areas nutrition, employment, health, energy, and housing. I think, simply put, we could say that they provide service from the rocking horse to the rocking chair. The role in the food distribution, although many of them didn't like the idea, but finally, throughout the Nation, the CAA's distributed 15,900,000 pounds of cheese, butter, and milk to America's needy. In Connecticut, we're much smaller. We distributed some 738,000 pounds of the same commodities.

And they have volunteered to be an intricate part of the Governor's feed a friend program that we are hoping will feed a number of people in Connecticut who are in need of those services.

We also have established within those community action agencies some innovative programs, such as lead poisoning, rodent, hypertension, and diagnostic screening. The CAA's were the ones who started that. I'd like to say that they provide jobs, too; 8,000 in Connecticut and the average salary is about $8,500 a year.

But I think, rather than going into the rest of that, Mr. Chairman, one of the things that I would like to present to you is a short paper on the difference between the community services block grant and the social services block grant, because there is basically a difference. The social services block grant usually handles the old welfare clients, whereas the community services program deals primarily with the antipoverty areas defined since 1964. And that is a major difference, that many people who come to the community action agencies would not come to me as the commissioner of human resources handling the old welfare programs, but they would on this new position.

And finally, I'd like to thank this committee for all you have done for our programs over the years and trust that you would do what is correct for fiscal year 1984.

Senator WEICKER. All right. Now let me cover just a couple of points here because this is a big area. The funding levels proposed, they are what——

Mr. HARRIS. Yours is $400 million.

Senator WEICKER. I beg your pardon?

Mr. HARRIS. About $400 million is one proposal.

Senator WEICKER. Is what? For fiscal 1984?

Mr. HARRIS. Yes.

Senator WEICKER. So, obviously, are we going to pick it up in Connecticut if the money isn't forthcoming from the Federal Government?

Mr. HARRIS. No; we can't, Senator. As you know, we're having our problems in red ink up there. And second, in terms of the new law, when there is a decrease in Federal funds, also there's a decrease in the funds that come out of the general funds.

So even if we were cut in our SSBG funds, we would be unable to pick those up out of the general funds category.

Senator WEICKER. Are the local communities picking up this declining funding?

Mr. HARRIS. I think they made quite an effort last year. The large companies in the Greater Hartford area, for example, provided some $21 million. But we lost $65 million.

Senator WEICKER. So that doesn't——

Mr. HARRIS. No; there's a $44 million gap there. So volunteerism can't——

Senator WEICKER. That's the point I want to make. First of all, we had the whole battery of administration witnesses. And for every decline in budget request, the answer is given, well, this is working very well and it is being picked up by the local, State government, volunteerism, and the private sector.

Your testimony is that it's not the case in the State of Connecticut.

Mr. HARRIS. It's not happening. And as you know, we probably have the most progressive business community in the Greater Hartford area.

Senator WEICKER. Right.

Mr. HARRIS. And they just couldn't make up the difference.

Senator WEICKER. So then the price is being paid by the people served.

Mr. HARRIS. Yes, sir.

Senator WEICKER. In other words, that's the only place you can go.

Mr. HARRIS. We ran out of innovative management.

Senator WEICKER. So, in effect, what are you doing? Are you taking less clients or are you spreading it thinner?

Mr. HARRIS. We're spreading it thinner. We are spreading it to the point that pretty soon we will be doing very little in terms of services.

Senator WEICKER. Now, I can speak with a great deal of feeling on this subject to the extent, and I think it ought to be placed in the record, that when I ran for the Congress in 1968, I was highly critical of ABCD, which was in Bridgeport. And I might add that I think my comments could have applied to many of the community action groups around the country that have gotten quite a bit of money thrown at them by the Congress, but really didn't know what to do with it.

On the other hand, having said that, I now can say in the year 1983 that ABCD and organizations like it all over Connecticut and all over the country have got their personnel, they've got their programs, their expertise. And it seems to me that after you've gone through the growing pains and you finally have a product that works and a product that is geared to the philosophy of this administration, which is that problems are supposed to be solved at the local level—and I can't think of anything more local than these community action programs—this is hardly the time to go ahead and zero-fund it.

Mr. HARRIS. No, on the contrary.

Senator WEICKER. It's very expensive, both economically and in human terms.

Mr. HARRIS. It was said by someone that if a prudent administration came in and didn't have community action agencies, they would quickly set some up because they are cost effective.

As you know, in that emergency food and shelter bill, the 14 CAA's in Connecticut took it on without any administrative money.

Senator WEICKER. Right.

Mr. HARRIS. And I don't know how they're going to do it. Using mirrors, probably.

Senator WEICKER. Well, I think you're doing a fine job, Jim, and I thank you for your testimony. I think it's highly unlikely that we're going to be doing any merging or super block granting around here. I feel that there's a great deal of support both on the committee and in the Senate as a whole for many of the community action programs.

Mr. HARRIS. I appreciate it very much, Senator.

[The statement follows:]

STATEMENTS OF JAMES G. HARRIS

Mr. Chairman and Members of this Subcommittee, my name is James G. Harris, and I am the Commissioner of the Department of Human Resources for the state of Connecticut. I might add that before my recent appointment as Commissioner, I was the Executive Director of Community Renewal Team of Greater Hartford, Inc. I thank you for this opportunity to share some thoughts with you concerning the FY 1984 funding needs for the Community Services Block Grant.

Mr. Chairman, despite the economic upturn being experienced by some in our business community, for millions of poor, these remain trying and difficult times.

The callbacks at General Motors, Chrysler and Ford are encouraging for the few thousand families involved. But unfortunately for millions of people served by community action agencies everday, economic recovery is, at best, only a distant dream.

For the third consecutive year, the Administration has made proposals to Congress that would virtually end community action programs. Specifically, they propose the virtual elimination of funding for the Community Services Block Grant and the merger of its activities into the larger Social Services Block Grant. We are hopeful that with the leadership of this committee and others in Congress, such an elimination will continue to be rejected.

Mr. Chairman, your belief in the work and importance of community action agencies is well founded. Despite a nearly 45% cutback in community services funding during the Reagan Administration and an approximate 30% increase in the demand for CAA services, community action agencies protected under the Community Services Block Grant are going a long way in meeting America's human needs.

Because CAAs have in place a comprehensive program of services to meet the needs of communities, these agencies are often the best able to provide immediate aid in a crisis or emergency. While other agencies are often struggling with administrative red tape, community action agencies marshall volunteers and work closely with governmental agencies, businesses and church groups to provide immediate services to families in need.

For example, in Washington, a Community Service Block Grant grantee (Food Oversight), is responsible for developing a major food distribution network for poor families. Food Oversight has established 16 administrative regional centers and over 300 distribution points. CAAs play a major role in the statewide program because of their outreach and accountability skills. Three distributions were made during 1982 for ½ million pounds of cheese, 1.4 million pounds of cheese and finally 14 million pounds of cheese, butter and milk. During the months of August through December, 350,000 households were served every month.

In Montana, a rural state with a small but widespread population, ten community action agencies distributed over 700,000 pounds of cheese and butter to needy families. The demand is so great, it is reported, that twice that amount could have been distributed. A recent news article indicated that families were calling the CAA for days in advance to see when cheese and butter shipments were scheduled to arrive. The CAA was able to provide free transportation and storage of the cheese and to secure sufficient volunteers to keep the costs at a minimum. Even with numerous in kind contributions, it is estimated that it would cost each agency about $10,000 - $15,000 a year to continue such food distribution.

The recently enacted Emergency Jobs Bill provided another opportunity for CAAs. The $100 million contained in the legislation for emergency food and shelter starts the recognition process of a problem that CAAs have been addressing in increasing numbers for the last several years. While it is still too early to critique the current food and shelter program, I will follow-up by September 30 in providing this committee with a report on the community action agency role in the program throughout the country.

In addition to crisis nutrition programs, community action agencies run a number of programs to fight hunger and malnutrition among the poor. Besides actual feeding programs, CAAs operate self-help programs that enable the poor to produce and purchase food, as well as programs designed to improve community crisis relief mechanisms.

For example, the Tri-County Community Council, Inc. in Bonifay, Florida serves a three county area with a population of 50,532, of which 43% are within poverty guidelines. The CAA operates three well-equipped CANNING CENTERS, one in each county. These facilities enable low income persons to prepare, process, can, jar and bag food in large quantities at an extremely low cost. The program also conducts a SELF-HELP GARDENING project where eligible clients are given seeds and a staff of three to help them in planning and harvesting gardens for their own consumption. They may also earn income by selling foods at markets. These two services help cut food costs for 2,800 people who might not otherwise be finacially able to provide nutritious foods for their families.

Although no two community action agencies are exactly alike, the local agencies plan for, coordinate or operate programs in a variety of areas including:

- health
- Head Start
- youth
- employment & training
- neighborhood development
- transportation
- crisis assistance
- information & referral
- homemaker services
- durg abuse
- urban & rural economic development
- emergency fuel and utility assistance
- welfare
- education
- recreation
- housing
- aging
- ex-offender
- outreach
- alcoholism
- home repair
- family planning
- WIC supplemental food
- home weatherization
- counseling & other programs

For the elderly, CAAs operate Senior Centers, serve congregate meals and meals on wheels, provide transportation to the immobile, operate health centers, give diagnostic screening and offer home health care, mount anti-crime efforts to lessen elderly victimization, and provide opportunities to Seniors to find rewards by helping others through such programs as Senior Volunteers, Senior Companions, and Foster Grandparents.

In health services, CAAs offer a variety of health-related programs including operation of Community Health Centers, diagnostic screening clinics, mental health services, home health care, and emergency services to the aged, as well as to children and adults. Many comprehensive programs, such as Head Start and Senior programs contain an important health component.

For example, the Reading-Berks County Economic Opportunity Council in Reading, Pennsylvania operates two low income OUT-PATIENT HEALTH CLINICS, which together are visited by 12,000 patients per year. The clinic in the city of Reading primarily serves Hispanic migrant clients. The other clinic, in the community of Birdsong, provides low-cost medical service to rural residents of Berks County.

Head Start - it began with community action, and today most programs are still run by CAAs on the local level.

Many community action agencies offer a comprehensive set of programs armed at enhancing the lives of poverty's innocent victims: low income children. Services include operation of Womens, Infants and Childrens (WIC) nutrition programs, Head Start Centers, dental and health screening, child nutrition programs and day care and early childhood education programs. Some community action agencies are experimenting with new programs to help those with special needs, including some CAAs that are operating a small number of group homes with surrogate parents for neglected children.

The Low Income Weatherization and Energy Assistance Program are two related ideas that grew out of community action's response to the threat of cold and higher energy costs in the aftermath of the 1973 oil embargo. Community action agencies are the primary delivery system for the Department of Energy weatherization program and in many states including Connecticut provide energy assistance as well. Some states give CAAs a limited energy crisis program responsibility.

The recently enacted Jobs Bill contains a $25 million supplement to the Community Services Block Grant to assist in creating jobs. Community action agencies throughout the country have amassed an impressive record of successful employment and training efforts geared to teenagers, chronically unemployed adults, the handicapped, and displaced homemakers. A number of CAAs offer specialized instruction, sheltered workshops, skills training, and counseling to the unemployed. In addition, many other CAA services, notably the weatherization program, provide training and job opportunities for low income persons.

In closing Mr. Chairman, I want to make four final points.

First, I am submitting for the record a short paper on why the Community Services Block Grant is different than the Social Services Block Grant and why merger of the two is not sound policy.

Secondly, CSBG funding is dangerously below FY 1981 levels even before inflation as well as below 1981 reconciliation levels. Most if not all, of the block grants are at reconciliation levels. I urge this committee to look carefully at the CSBG and community action agencies' necessary role in that legislation and strongly consider doing whatever is necessary to keep a viable community action program nationwide.

Thirdly, energy assistance funds have risen less than 25% in three years. During that period, both oil and natural gas price increases have outstripped inflation. From the 1981-82 heating season to this past winter, natural gas prices alone rose nearly 30 percent. Since the funds for the FY 1981 program covered only the increase paid by less than half the eligible population according to HHS's own study, clearly each subsequent year's program meets less and less of the need. Significant increases in funding will only permit us to keep the proportion of household income the poor spend on energy relatively constant.

Finally, I want to again thank this committee for all it has done for our programs over the years. I trust you will do what is correct as well for FY 1984.

Thank you.

The Administration's FY 84 budget proposes to merge responsibility for community services, currently funded by the Community Services Block Grant (CSBG) into the Social Services Block Grant (SSBG). The budget documents suggest that the purposes of the two grants are similar and proposes a budget for the combined programs of $2.5 billion. This is $50 million less than the combined funding level for the block grants in FY 81; less, in fact, than the SSBG received by itself. The Social Services Block Grant received $2.675 billion in FY 83; the Community Services Block Grant was funded at $385. 5 million, which includes $25 million contained in the FY 1983 Emergency Jobs Bill.

Not only are there not sufficient funds proposed to fund the programs of the two block grants, but the programs and pruposes of the grants are not compatible. The Administration displays gross misunderstanding of both block grants when it suggests that their programs and missions are similar. The grants are not alike in terms of the populations they serve, although there is some overlap; they are not alike in the types of services they deliver; they differ substantially in the mechanisms they utilize to deliver services; and their intent and purposes are not the same.

The Social Services Block Grant programs have historically served AFDC and SSI dependent individuals with services to reduce dependence on welfare and increase self-sufficiency, minimize the need for institutional care and protect persons who require institutionalization. Its major programs have been directed at providing protective services to abused and homeless children, in-home or community care for disabled and elderly adults who would otherwise have to be institutionalized and daycare for the children of women on AFDC to support their efforts to work outside the home and diminish their need for welfare.

Community Services are directed at antipoverty efforts. Rather than dealing in a case work mode, community services develops and operates program for low income neighborhoods or communities that address the conditions and causes of poverty. Its purposes are to provide activities to assist low income citizens in employment, education, housing and emergency assistance; to encourage community involvement in the development of programs; to encourage the effective use of related poverty programs and the involvement of the private sector in its efforts.

In terms of populations served there is some overlap, but the spectrum of people served by CSBG is far wider than that served by SSBG. CSBG programs are directed to low income people in general and its programs reach over eighty percent of the poor nationwide. For the limited overlap in the population served, the CSBG provides very different programs from those offered under the Social Services Block Grant.

In addition, CAAs serve the low income elderly who do not need in-home services, the working poor, refugees whose benefits have expired, disadvantaged minorities, migrant and seasonal farmworkers, the recently unemployed and handicapped. In acknowledgement that even the states view the populations served by the two block grants as being different, many states have two means of distributing Low-Income Energy Assistance benefits to eligible people. One is to provide checks directly to all current AFDC and SSI beneficiaries; the second is to employ the Community Action Agencies in the state to inform and certify people from other segments of the poverty population.

As the purposes and recipients of the two block grants are not the same, neither are the programs. The programs of the Social Services Block Grant can be characterized as providing care to dependent people: abused children, disoriented or disabled adults. Its major programs are child protection, homemaker services, foster care, legal services, day care for children and adults, meal preparation and delivery, counseling, transportation and family planning.

Community services, on the other hand, is involved with anti-poverty efforts; community-wide efforts deal with the causes and conditions of poverty. It operates what is estimated to be over 200 programs, at various Community Action Agency sites, in the areas of education, employment, housing and emergency assistance. Its programs and purposes are to prove opportunities for economic self-sufficiency to low-income citizens.

The most radical difference between the two grants is the mechanism each uses to deliver services. SSBG is operated through county welfare offices, employs social workers who use the case method - working one to one with individual "clients" to investigate needs and provide services. Services available to those in need are often decided at the state level or by the judicial system. The goal of service provision is to alleviate an immediate problem.

Community services are synonymous with community action, which is a process of involving the community in the decisionmaking about the programs that effect them. The process of developing and delivering community services is integral to the programs. Organizations that deliver community services are required to have boards of directors composed of one-third each public officials, community representatives and representatives of the poor so that programs are locally developed and administered. Such programs are innovative to deal with the problems of that particular community, and are responsive to changing needs and resources. They are also comprehensive and cost effective.

Rather than dealing with individual cases, community services deal with comprehensive solutions. Ninety cents of each dollar received by CAAs is spent in direct services or payment to program recipients. The programs are long-range and preventative.

Community Action Agencies (CAAs) house and administer numerous federal, state and other antipoverty programs. Approximately 65% of Head Start programs are sponsored by CAAs. CAAs operate, almost exclusively, the Low-Income Weatherization Program and the Emergency Energy Assistance under the Low-Income Energy Assistance Program. The Administration on Aging uses community organizations, chiefly CAAs, to operate its programs on behalf of the low-income elderly and the list goes on. The result is that the CAAs cut costs substantially for many of these programs by sharing or providing space, facilities, utilities, supplies, equipment and maintenance. These overhead and sometimes direct costs are underwritten by CSBG funds which are used for the administrative costs of the CAA itself. New local administrators would have to be found for these programs at increased administrative costs if CSBG funds were not available to underwrite them, overhead was not shared, or Community Action Agenices were defunded.

If the CSBG authority is merged with that of SSBG, the proposed funding level remains as the President proposes and there is no legislative language directing funds to Community Action Agencies or other locally-based groups with the equivalent board structure and capacities, community services will suffer drastic reductions. This will not be because that is the choice that states will make, but there will be no choice to make. There is not sufficient money now for social services. We cannot expect traditional social services providers to divert funds from an already-inadequate pot to community services. Neither can we expect traditional social service providers to begin developing innovative community-wide programs to attack the cause of poverty. They do not have the training, experience or mechanics to do so.

The attempt to zero-fund the Community Services Block Grant can only be viewed as the purposeful severing of the last link in the connection between the federal government and its low-income citizens. The systematic, although sometimes delayed, disconection began eight years ago under President Nixon when the Office of Economic Opportunity was removed from the Executive Office of the President and replaced by the Community Services Administration, an agency with greatly-reduced responsibility and influence. In 1981, the Community Services Administration was abolished and replaced by a small office within Health and Human Services. Now it is proposed that that small office, earmarked funding for low-income people and the community-based organizations that have served them for 19 years to be done way with. This is at a time when the number of people in poverty, at over 31 million, is greater than it has been since 1965, and the poor have already absorbed cuts of $10 billion in the past two years according to the calculations of the National Urban League. States cannot fill the gap. The private sector is not filling the gap.

If this merger takes place, antipoverty efforts will be curtailed, many people in poverty will suffer, the nation's awareness of poverty will diminish, and the voice of the poor, 31 million citizens, will be silenced.

STATEMENT OF ALLENE "CHOCKIE" COTTIER, EXECUTIVE DIRECTOR, AMERICAN INDIAN CENTER

Senator WEICKER. Allene Cottier, executive director, American Indian Center.

Ms. COTTIER. I'm here mainly to address the Administration for Native Americans and requesting that the budget for this year, 1984, be maintained at the 1983 level of $28.3 million. Very few people know what the Administration for Native Americans is and the problems that we face as native American people, and especially those of us serving in urban areas.

The proposal is now to zero out that money for urbans and only serve those of Federal land-based people.

I represent 194,000 urban Indians in California which now has the largest Indian population in the country. These people would be left without service. I think it's indicated by all of the testimony that you're hearing about the community action cuts and all of the other budget cuts.

I have to say that Administration for Native Americans has a leveraging of better than 10 to 1. For every dollar that we receive from Administration for Native Americans, we get more than $10 in other services. The main strategy for the Administration for Native Americans now and for the past 2 years has been social and economic development and combining the community development side with economic development and getting away from Federal dependence. It is a new strategy for planning for independence and true self-sufficiency since we have received Federal funding, especially off-reservation, that really promotes becoming self-sufficient, building communities that are self-sufficient.

Part of the new program is to create a linkage with those existing services provided by community action groups, city governments, departments of social services, States, community service block grants, and all of those, to guarantee that they serve the marginal Indian population that they historically have not served or recognized.

So to cut this money that we now have to serve those people—it's very cost efficient to maintain the funding that we have now. We have no place to go if this money is taken from us. We have other moneys that have only been for direct service provisions, such as in health care or some of the emergency housing type services. But they don't leverage other moneys and they don't allow us to provide long-range planning that will achieve an economic independence for our communities.

We are now leveraging foundations and the private sector and have been doing that even before Reagan and administration policies promoted such a move.

So we're beginning to be successful at it. But we are a new community, relatively speaking, in the nature of the country. We became urban Indians in the 1950's and so have learned a whole process of self-sufficiency and growth through that.

So it's taken time. So I would propose to maintain the appropriations and, in fact, increase it for our marginal community in order for us to go on and achieve a true self-sufficiency that we have been denied by Federal policy in the past. We have been forced to become dependent rather than independent. And it's time to maintain the one set of funding that allows us to become self-sufficient.

Senator WEICKER. Now this funding—you've got to give me a little education here because, believe it or not, I don't know everything.

Ms. COTTIER. Right.

Senator WEICKER. I don't pretend to know everything. This money applies to the American Indian living not on reservations; in urban areas, principally?

Ms. COTTIER. It's the one pot of moneys besides Indian child welfare—well, Indian child welfare moneys are administered through the Bureau of Indian Affairs. The Administration for Native Americans is the one set of moneys specifically to serve both tribal and nontribal or off-reservation and on-reservation land-based people, Indian people. And it's the only one that promotes an economic development and community development.

Senator WEICKER. What are these moneys specifically used for? Give me an example of a few of the activities.

Ms. COTTIER. Well, like our project, we have one project where we have an intern that's placed in the city planning department and we have a joint agreement between city planning, the mayor's office, and our program to come up with a monitoring plan, a long-range monitoring plan, whereby we have no duplicated service, where they have moneys to serve our portion of the population. They do serve the population. And that allows us to then not duplicate social services, so to speak, and allows us to use the little moneys we have to generate some sort of economic programs, such as cooperative or crafts shops.

One of the things that we're looking at now is setting up a west coast export-import business that can generate services for both tribal and our land-based and nonland-based Indians to generate money and to build a lot of supportive services that build on to an import and export of quality American Indian crafts.

We have the potential of doing that in that area. As an example of our linkage program, showing that to some foundations, we now have leveraged from foundations support to put an intern in the Department of Social Services who, likewise, has an agreement to come up with a monitoring plan that they do serve the Indian population and meet the Indian needs, so that our agency doesn't have to.

Senator WEICKER. I thank you very much for your testimony. I appreciate it.

[The statement follows:]

STATEMENT OF ALLENE "CHOCKIE" COTTIER

Senators, I am Allene "Chockie" Cottier, a member of the Oglala Sioux tribe and since 1978 the Executive Director of San Francisco's Community Action for the Urbanized American Indian, Inc. (CAUAII) -- we call it "The American Indian Center." I also speak as an officer of the California Urban Indian Association, which represents 194,000 American Indians living off-reservation in California. Our first concern is our old vision of self-determination, self-sufficiency; as you know, for centuries that was "The Indian Way".

We urge you to support the social and economic development of American Indian people by:

- reauthorizing the Administration for Native Americans legislation; (PL-93644)
- opposing any FY 1984 budget allocation below FY 1983 levels; and
- remaining true to your original legislative intent that this unique tribal/non-tribal Indian program continue to serve all Indian people, whose needs do not end at tribal borders, but travel with us to urban Indian communities like my own.

The principal reason for reauthorizing ANA is not that Congress should be blindly sympathetic to Indian programs; ANA deserves reauthorization because it works. ANA's "Social and Economic Development Strategy" does help Indian communities and tribes reduce dependence on federal programs, it does help communities and tribes plan toward self-sufficiency, it does create jobs and help create more jobs. Our own experience, which I will summarize momentarily, is instructive.

First, let me underscore the importance of preserving the legislative intent of Congress when it created this Native American program in 1964. The "Congressional Record" documenting these Economic Opportunity Act debates clearly shows that Congress understood the unity of Indian issues on and off-reservation, and the need for a problem-solving program independent of the Bureau of Indian Affairs. There is absolutely no reliable data base anyone can show Congress to prove that urban Indian populations have outgrown our "most in need" status; we know better, as direct service providers and respected statisticians. If urban Indians have moved "up" since Relocation laws began to create urban Indian communities in 1953, we have moved up to poverty. It is essential that ANA not be permitted to continue phase-out of non-tribal grants, which its administration is pursuing despite the recent Congressional order to halt transfer activities shifting ANA work to the BIA. As we have learned from experience, ANA's SEDS concept can take us a giant step past poverty.

To understand the blood-tie between tribal and urban Indian problems, let's go to the heart of the issue: the relocation and termination laws passed since 1953, now discredited by the White House itself. For the 231,000 (Census count) American Indians in California, relocation is a central fact of life. The 1980 Census figure more than doubles the California Indian population of a decade ago, primarily due to Indian in-migration from non-California reservations. Yet this figure, ranking California first among states with American Indian populations, is almost certainly too low. In major relocation areas like San Francisco and Los Angeles, government planning agencies routinely double the census estimate to approximate reality, and assume census figures do not reflect Indian conditions in the communities' poorest strata. The state Indian population is overwhelmingly urban -- 87% of the total by census count.

Understanding the origins of San Francisco's Indian population is essential to the offering of appropriate programs and services. Perhaps no more than 15% of Indians in the state are from California tribes. Not only did few California tribes survive successive waves of colonization, domination and virtual servitude, but also the federal government made California cities the target of a vast migration of "relocatees" caused by the American Indian Tribal Termination Acts of 1953 et seq.

This legislation, enforced by the Bureau of Indian Affairs, drove thousands of poverty-level Indians off their home reservations -- especially from the Northern, Central and Southern Plains -- and relocated them to cities including San Francisco, Oakland, Los Angeles and San Diego.

Although "termination" has been disowned as a policy by recent White House administrations, relocation continues through periodic presidential decrees. Thus, California cities are assured a continuing influx of "most in need" Indians from throughout the nation. Virtually all Indians in our San Francisco community are relocated, or the children of relocatees.

Now let me be quite specific. Thanks to a computer analysis we performed with 1980 Census data on Indian populations in 750 separate California communities, the SFAIC can factually demonstrate our deep need for social/economic development in urban communities, and the apparent failure of previous Indian programs. Here are Census-based correlations for San Francisco Bay Area counties and the state as a whole:

Preliminary Analysis of San Francisco County Census figures show the problem of Indian unemployment and undereducation to be even worse than we suspected:

- of 2,304 Indian adults over 25 years, 53% are high school dropouts and 12% went no further than sixth grade.
- of 548 Indian families, 32% had annual incomes below $10,000 and fell short of poverty level benchmarks, while 55% earned less than $15,000 a year.
- of Indian adults over 16 years, 52% were not working with the mean period of unemployment being 3½ months in 1979.

CAUAII has performed Census analysis of the other three local counties -- Contra Costa, Alameda, San Mateo -- in the broader "Bay Area Indian Service Areas," for comparison purposes. Comparable figures for these counties are as follows:

ALAMEDA

- of 4,230 Indian adults over 25 years, 32% are high school dropouts.
- of 1,924 families, 23% had annual incomes below $10,000 while 41% earned less than $15,000 per year.
- of Indian adults over 16, 42% were not working.

SAN MATEO

- of 1,323 Indian adults over 25 years, 33% are high school dropouts.
- of 539 families, 25% had annual incomes below $10,000 while 35% earned less than $15,000 per year.
- of Indian adults over 16, 34% were not working.

CONTRA COSTA

- of 2,589 Indian adults over 25 years, 28% are high school dropouts.
- of 1,169 families, 23% had annual incomes below $10,000, while 32% fell below $15,000.
- of Indian adults over 16, 39% were not working.

STATE OF CALIFORNIA (for comparison)

- of 119,549 Indian adults over 25, 34% are high school dropouts.

- of 55,633 families, 28% are below the $10,000 annual income mark and 44% are below the $15,000 figure.
- of Indian adults over 16, 45% were not working.

Although these Bay Area figures show the need for Indian employment and education opportunities in a singular, stark way, the figures are probably a drastic understatement of the true problem.

Using combined intake figures on American Indians from several local agencies, CAUAII developed in 1981 a formula estimating both Census undercount and the probable size of the actual urban Indian community in San Francisco. By this formula CAUAII/AIC estimated a real population of 7,800 in San Francisco alone -- more than double the 1980 Census total of 3,548. (The Bureau of Indian Affairs, among other federal agencies, has accepted this formula and estimate, as has the Mayor's Office of Employment and Training in San Francisco.)

This year, we will replicate the Census effort in select inner-city tracts to determine the extent of undercounting. We expect those most undercounted to also be those "most in need" -- especially transient Indians who ordinarily remain in San Francisco up to six months or longer, and often have children accompanying them.

Although it is our agency's belief that the extent of need for Indian social and economic development is much greater than Census data show, we have presented these statistics because they are the first "hard" numbers ever developed to describe an urban Indian community.

These figures tell you that:

- previous Indian programs to promote "assimilation" have failed.
- public sector human/social service providers do not shoulder their responsibilities to meet off-reservation Indian needs.
- continuing "basic survival" problems force Indian organizations to concentrate on (duplicate) social service provision, not social/economic development.

That is why maintenance of ANA's Social and Economic Development Strategy for tribal and off-reservation Indians alike is so important: simply, there is not now, and never has been, another Congressionally-sponsored Indian program that incites our communities to plan for and undertake the move from dependence to self-sufficiency as American Indian people.

Our example in San Francisco is instructive, but only in part because of our success. I want to tell you frankly, Senators, that we were once among those Indian organizations who strongly opposed the "new ANA" of Social and Economic Development Strategy-- an Indian community center who first opposed ANA-SEDS in principle, and then learned through practice, through field experience, of its value.

Today, the American Indian Center (operated by the Community Action for the Urbanized American Indian, Inc. or CAUAII) offers community services in fifteen areas:

- social development
- economic development
- social service referral
- job placement
- adult basic education
- vocational educational
- respite child care
- recreation
- emergency/survival assistance
- legal advocacy
- domestic intervention aid
- youth literacy service
- utility/weatherization aid
- Indian heritage instruction
- cultural crafts instruction

These programs, as well as the central office of a 21-county social service project, fit tightly in our semi-renovated three floor building which realtors put in the $500,000 range. Capacity crowds from the Indian community jam our auditorium for every AIC monthly forum.

Scores of local families have solved employment problems through AIC, Our current payroll of 40 includes:

- a receptionist who was on the first relocation train to reach San Francisco in 1953;
- a fiscal officer who organized the city's biggest Indian social club;
- a teacher who is a respected religious leader throughout San Francisco Bay Area; and
- an administrator whose parents helped found the community American Indian Council and its Center.

In fact, all but two CAUAII staff are and have been local community residents. Further, AIC and the regional Indian job training organization the Center created (and still supervises) has secured employment for hundreds of Indians in San Francisco and other four Bay Area counties that comprise a broad "Indian service area." Ninety-seven such jobs were created for Indian people in 1982.

San Francisco County as a whole has benefited from its Indian community working through AIC. More than $3 million in public and private funding has come to San Francisco for Indian community programs since 1978 -- most of it spent locally to strengthen the city's economy. The American Indian Film Festival, sponsored annually by AIC, is an important cultural event for San Francisco that draws nationwide attention.

The American Indian Center, importantly, is one of the few urban Indian Centers in California to survive the recent years of economic woe, and perhaps the only one to actually prosper through expanded services.

If any one factor is responsible for this unprecedented growth, it is planning -- community development planning strongly encouraged and in large part made possible by Administration for Native Americans, which granted funds to CAUAII/AIC annually from 1976 through 1981, previous to our current pair of ANA/SEDS grants for FY 82083.

CAUAII/AIC staff and Indian community members have taken advantage of opportunity. We are now a familiar, vocal presence at public hearings and legislative sessions. The country Board of Supervisors is thoroughly familiar with Indian community needs. In fact, when the local arm of a federal agency suggested twice in 1981 that our community is too small to receive youth service funds, the Board of Supervisors twice decisively reversed the recommendation. The Supervisors and Mayor have recognized and officially sanctioned our events.

More important, as a consequence of CAUAII/AIC community planning, Indian people have since 1980 been appointed to the Mayor's Employment and Training Commission, the Mayor's Commission on the Status of Women, the Bay Area Council of Procurement Officers, the Far West Laboratories (Educational Research and Development) Board of Directors, Community College Advisory Board, the city Police Department Community Advisory Board, and the Bilingual District Advisory Council (Alameda County schools). We have applied for appointments to the county Human Relations Commission, the city Task Force on Public Inebriates and many other bodies. Further. CAUAII/AIC recently memorialized Indian tribes and organizations around the state on the appointment process for the full range of California boards, commissions and committees that the state's new governor will be reviewing in 1983. Our Northern California anti-poverty program teaches these linkage lessons.

The state unemployment department thought CAUAII's job developer had such solid links with private sector employers, they began referring local Indian clients directly to us in 1980 (over our protests). In November, 1981, the University of Michigan Urban Planning Institute invited CAUAII/AIC administrators to visit and discuss a unique on-the-job training concept, culturally adapted, for private sector "growth area" employers who hire clerical workers to operate the new generation of high technology office equipment. In June, 1982, our vocational education staff co-authored a widely disseminated employer's guide to Indian, Asian, Latino and other cultures of local workers aspiring to employment in these high technology fields.

Our Indian community has a growing reputation among non-Indian city organizations for service delivery skills, and community members on the CAUAII staff play a leadership role in campaigns to promote social and economic development.

For example, the American Indian Center was asked to join the steering committee of the Mission District's new Concilio de la Raza, dedicated to the survival and lessened dependence of Mission community service providers on public sector funds (the Indian Community is located within the Mission District). The American Indian Center also co-sponsors and leads a city-wide drive by youth service agencies planning for joint, permanent fund-raising that circumvents CETA and other vulnerable public funding sources.

Further, we play a key role in the city-wide Coalition for Jobs and Benefits which promotes formation of a public/private/community sector task force proposing new solutions to unemployment.

CAUAII/AIC's added responsibilities among Indian tribes and organizations in California include those of a founding member of the new state Urban Indian Association, an active participant in block grant liaison work of the statewide Consolidated Indian Council, and principal organizer of the Bay Area Indian Consortium of Social Services Providers.

CAUAII/AIC's interest in linkage as a "survival strategy" for social and economic development has led us to build strong ties with state and federal legislators and administrators of several state agencies. As a result, we have successfully anticipated the changes that the state's social economy will undergo due to block grant implenentation. Our agency led the few Indian organizations working hard to educate California's legislature about the need for an urban/tribal "Indian set-aside" in the state's Community Services Block Grant spending law. This set-aside legislation, we believe, is unique to California among all the states with Indian populations.

Most important, the CAUAII board of directors, the staff and the community it serves have a strong emphasis on planned community development. In two successive years (1979-1981) the San Francisco Indian community took preliminary steps essential to annual and long-range planning. Finally, after three months of discussion and meetings in 1981, an ad hoc planning group of 12 agency board members, administrators and volunteer community members isolated goals to:

(1) advocate community control and effective use of urban resources through training of individuals and otherwise strengthening community institutions

(2) promote community self-sufficiency and independence from public sector funding thorugh resource-based economic planning and development; and

(3) insure efficient, coordinated delivery of all supportive services to which the Native American community is entitled and eliminate barriers to these services.

These goals are not only consistent with those stated for ANA itself, but their formation provoked enough discussion in CAUAII's board during 1981 that the board voted in October 1981 to re-write our mission statement, constitution and by-laws so as to explicitly reflect these goals as the principal mission of CAUAII/AIC.

Senators, all of this is ANA rightly applied. You should support this program, not only because it works for us -- but because it is a self-sufficiency strategy for every target population in the Nation.

STATEMENT OF JEANNE E. BADER, DIRECTOR, CENTER FOR GERONTOLOGY, UNIVERSITY OF OREGON; ASSOCIATION FOR GERONTOLOGY IN HIGHER EDUCATION

Senator WEICKER. Jeanne Bader, director of the center for gerontology, University of Oregon, the Association for Gerontology in Higher Education.

Ms. BADER. My name is Jeanne Bader and I am the director of the University of Oregon Center for Gerontology in Eugene, Oreg. I'm speaking on behalf of the Association for Gerontology in Higher Education. And I'm here at my own expense to testify regarding appropriations for title IV of the Older Americans Act.

With me is Elizabeth Douglass, the executive director of the Association for Gerontology in Higher Education, AGHE from now on.

AGHE is a 10-year old organization of about 200 institutions of higher education. AGHE is dedicated to promoting the study of gerontology and the quality of gerontological information and programs in the United States.

Because time is limited, I request the association's written testimony be accepted for the record.

AGHE recommends funding at no less than $26 million for title IV of the Older Americans Act during fiscal year 1984. Title IV supports aging-related research, education, training, and model projects. Title IV is a success story to the extent that a relatively small Federal investment has yielded a remarkable payoff in the availability and quality of practical knowledge and skills that have emerged since the Older Americans Act was enacted 18 years ago. The continuation of that success is now threatened by the administration's proposal to impose a 91-percent reduction since 1980 in title IV appropriations.

The proposed fiscal year 1984 $5 million appropriation is not enough to preserve even an illusion of continuity in the commitment of the Federal Government to maintain and, whenever possible, improve the range and quality of options for elders and future elders.

Title IV has succeeded in supporting the generation of hard data to replace harmful myths that many current elders grew up expecting to be true. Title IV has attracted and trained a cadre of talented and committed persons of all ages, most of whom, more than 80 percent, work directly with and for elders. And in the process, title IV has created tangible benefits for older people, benefits such as thousands of contact hours through student field placements, better designed kitchens and bathrooms, extensive educational opportunities for older persons, and inter-generational housing.

Such benefits complement the services supported by title III of the Older Americans Act and other public and private sources.

Due to the already extensive cuts in title IV, about 50 percent, the faculty of the Center for Gerontology at the University of Oregon, which I chair, has been reduced from six to two. Student, faculty, and community interest in gerontology continues, however, to grow. Many of our students are over 40 years of age, employed, or retired, and intrigued by the subject matter of gerontology. Not only their work with and for older people, but also their personal styles of aging will have positive effects on the aging-related expectations of those diverse individuals with whom they routinely come into contact.

In fact, largely because of the investment title IV has made in the information and skills building of such students, we can anticipate more positive images and experiences of aging throughout society.

Gerontology is multidisciplinary and older people's problems and concerns are multifaceted. Federal support is necessary to guarantee that the many disciplinary perspectives that must be interwoven in order to comprise the subject matter of gerontology are strong, both individually and integrated usefully. And gerontology is needed no less than geriatrics by those who work with older people, by those who design programs and policies for older persons, and by each one of us as we ourselves age.

The thoughtful study of gerontology began in earnest only 20 years ago. Its contributions to date and its promise of further significant payoff for taxpayers—investors—merit your continued support.

Twenty-six million dollars is a reasonable request. It represents an already sizable cut of 50 percent since 1980. As noted a moment ago, the administration's recommendation of $5 million for fiscal year 1984, a 91-percent cut since 1980, would virtually halt the still maturing investment the Nation has in aging-related research, education, and training. Can the Nation afford a 91-percent cut in its investment in the adequacy of information and skills of those who work with older persons? Millions of Americans of all ages said no through their representatives at the 1981 White House Conference on Aging. The Association for Gerontology in Higher Education urges that you, too, say no.

Thank you very much.

Senator WEICKER. Jeanne, thank you very much for your testimony. I appreciate it.

[The statement follows:]

STATEMENT OF JEANNE E. BADER

Chairman Weicker and distinguished members of the Sub-Committee, I am Jeanne Bader, Director of the Center for Gerontology at the University of Oregon and member of the Public Policy and Program Committees of the Association for Gerontology in Higher Education. This testimony is presented on behalf of this Association. AGHE is a professional membership organization of over 200 institutions of higher education that conduct research and provide education and training in the field of gerontology. My remarks are directed toward the proposed FY 1984 budget for Title IV of the Older Americans Act. I thank you for this opportunity to testify before this committee. In the interest of time, I shall highlight the critical issues facing gerontological education and training, and I ask that you accept my written testimony for the record.

Research, education and training have been important components of the Older Americans Act since its passage in 1965. Title IV funds provide support for a wide range of activities such as the gerontological career preparation program, research and development activities, demonstrations and model projects, legal services for the elderly, the minority internship program, long-term care gerontology centers and training, national policy study centers, state education and training.

There was a recognition by Congress from the beginning of the Older Americans Act that research was a necessary component of service design and that adequately trained personnel were imperative to realistically and effectively implement those services. The importance attributed to these functions can be seen by past allocations by Congress for these purposes. In 1966, for example--the first year of allocations for the Older Americans Act--23% of the total budget was set aside for training and research. As funding for the Act increased, appropriations for education, training and research kept pace, so that in 1972 we find 22.3% of the Older Americans Act allocations made for these purposes. The peak year of funding for Title IV was in 1980. That year Title IV allocations amounted to $54.3 million, illustrating the commitment by Congress to insuring productive, effective programs for the aged through sound research and adequately-trained personnel.

I am here to urge this Sub-committee not to abandon this important commitment. This Association recommends that funding for Title IV of the Older Americans Act research, training, and education projects be increased from the FY 1983 level of $22.175 million to $26 million in FY 1984. This level represents a modest, fiscally responsible approach to the restoration of Title IV as a viable component of the Older Americans Act, and is an amount roughly equivalent to the FY 1973 allocation level ($25.1 million). If Title IV appropriations had simply kept pace with inflation over these 10 years, current funding would now be $57.5 million.

This Association vigorously opposes the President's proposed allocation of $5 million for Title IV for FY 1984. This Administration has already cut Title IV by 59% over the past three years, not through any attempt to eliminate waste and fraud, but through the outright elimination of important education, training and research programs. The proposed $5 million allocation for Title IV, if adopted, would represent a 91% cut in Title IV funding since 1980. This $5 million would represent one-half of one percent (.005%) of the total AoA budget. This would effectively eliminate the few programs left in Title IV and would result in a diminished knowledge base and a reduction in the numbers of competent, trained personnel in the aging network.

Let me emphasize at this point that our position is that an allocation of $26 million for Title IV should not be granted at the expense of other provisions within the Older Americans Act. We are not asking that Congress rob Peter to pay Paul, or take funding away from direct service programs to support these discretionary programs. We view trained personnel and research and adequate services as essential to improving the lives of older Americans. Education and research should be viewed as complements to direct services, not as competitors. Indeed, the Older Americans Act is structured to reflect these complementary functions. We are therefore strongly recommending adequate funding levels for all aspects of the Older Americans Act.

We face a time in our nation's history of unprecedented growth in the older adult population. Largely due to past federal support, we are fortunate to have witnessed a simultaneous rapid growth in the field of gerontology. The continued development of the field will promote efficient, appropriate, and effective strategies for addressing the circumstances of individual aging and collective population shifts. Gerontological research is providing us with answers about appropriate and effective human services for older people and about the treatment of the chronic impairments of old age.

Such research information has helped to dispel an enormous array of myths about the aging process and has therefore made it possible for social and health service providers to design programs that address real, not fictitious, needs of the older adult population. Programs designed and implemented through other titles of the Older Americans Act can affect positive results upon the lives of the aged and upon society as a whole only when they are based upon a sound knowledge base. Ill-conceived programs based upon myth and stereotypes will, in the long run, create increased dependency and perpetuate myths about the aging process, wasting both lives and money.

Let me give one example. A decade ago there was a growing trend toward the institutionalization of frail elderly who could no longer live independently in their homes. A research study at Duke University funded by the Administration on Aging found that neither the mental health services nor the physical health services provided by nursing homes and other institutions were any more adequate than those being provided for older persons living independently at home. The low cost services provided through home health and homemaker services provided the same quality of care for much less money than costly institutionalization of the elderly.

Increasing the quality and the quantity of home-delivered services would enable the frail elderly to be cared for within their own homes. The discovery of the mental, physical, social and financial benefits of home-delivered services has been a helpful deterrent to the trend toward institutionalization of frail older persons. Research funded through AoA has enabled more effective delivery and design of services.

One of the most critical problems in the field of aging is the serious shortage of adequately trained personnel to provide essential services for older Americans, both now and in the future. Since 1966 AoA has supported education and training programs through the awarding of grants to academic institutions. These awards have been aimed at (1) educating professionals entering the field of aging, (2) training semi-professionals and technical personnel in the service delivery areas, (3) providing continuing education for persons already employed in the field.

In the past 16 years about 220 colleges and universities in 43 states and the District of Columbia have received career preparation funds. It is estimated that appropximately 24,000 students have received concentrated training resulting in a certificate or degree in gerontology in this history of the career preparation program. The peak level of funding was in 1980, with $7.8 million awarded through 30 grants to academic institutions.

Further reductions of AoA training support will lead to the following consequences: (1) a dramatic reduction in the number of persons entering the work force who will be trained to provide services for the increasingly expanding population of older Americans; (2) a dramatic reduction in the number of persons currently employed who will have opportunities for continuing education and re-training to serve the elderly; (3) a reduction of community services provided by academic institutions designed to directly benefit the elderly themselves or the service providers and community-based employers. The ultimate result of a decrease in trained person-power will be a decrease in the quality of services provided by our society for older Americans. We would not have sent our Apollo astronauts into space insufficiently trained to carry out the scientific endeavors required to fulfil their missions. Should we take less care with those whose responsibility it is to impact the lives of our elders?

A recent argument put forward by this Administration is that there is already an overabundance of trained personnel in the field of aging. The Administration contends, therefore, that continued support for such training is unnecessary. There exist no data whatsoever to support such a claim. In fact, what data do exist point to an existing and an increasing need for such training. One example: One of the first gerontology career training programs in the country was established in 1967 at the University of South Florida through a grant from AoA. The Institute on Aging between 1967 and 1977 graduated 175 persons with a Master of Arts in Gerontology. A survey of graduates in 1977 revealed that 90.5% were employed and that 92% of those were employed in positions related to the field of aging. These persons were serving both in administrative and direct service jobs. The experience of graduates from other academic gerontology programs across the country has been similar. If, as the Administration contends, the field were innundated with trained personnel, such large percentages of graduates trained in gerontology would not continue to find and maintain employment in the field of aging.

Continued federal support for gerontological research, education and training is essential because this support has a significant multiplier effect. Federal funding of these activities attracts additional support from state boards of higher education and from private foundations. When federal dollars are withdrawn, those other public and private dollars are also withdrawn. There is no evidence that the non-federal sector has the capacity, the inclination, or the resources to provide the sustained financial support necessary for the funding of these aging programs. Federal leadership is critical.

Gerontology is a relatively new phenomenon. Not until the late 1950's did gerontological education and training begin to emerge, and then only in the larger universities. Many of the programs existing today are less than 10 years old. As a relatively new field of study, gerontology is hard-pressed to compete with the more established disciplines in the scramble for funding within the academic institution. Most academic institutions do not include aging as part of their core curriculum. Schools faced with the need for program cutbacks and retrenchment view gerontology programs as expendable. Without continued federal support, America's colleges and universities, facing decreasing enrollments and revenues, cannot on their own move the field forward or even sustain it for long. Time is required to institutionalize gerontological courses. Meanwhile, the demand for trained gerontological practitioners and for additional knowledge gained through research increases.

In conclusion, this Association requests that you appropriate $26 million for Title IV of the Older Americans Act and reject the President's recommendation for $5 million. This $26 million is needed to carry existing efforts forward and to pioneer new ground. Investment in research, education and training is a long-term investment, a commitment to the future.

If these programs are eliminated today, next month you will not see the elderly starving or homeless or lonely. But in 5 years, in 20 years, particularly in 50 years--when the elderly population reaches one-fourth of the total U.S. population--we will reap the consequences of the failure of our nation to invest in the future. We urge you to make this commitment to the research and education programs of the Administration on Aging and therefore to improved services for our nation's present and future elderly.

We thank you for this opportunity to assist in the development of these important policy considerations.

STATEMENT OF WILLIAM E. ORIOL, VICE PRESIDENT FOR SOCIAL RESEARCH, PLANNING, AND PRACTICE, THE GERONTOLOGICAL SOCIETY OF AMERICA

ACCOMPANIED BY LINDA KROGH, LEGISLATIVE SPECIALIST, GERONTOLOGICAL SOCIETY OF AMERICA

Senator WEICKER. The next witness is Mr. William Oriol, vice president for social research, planning and practice, for the Gerontological Society of America.

Mr. ORIOL. Good morning, Mr. Chairman. My name is Bill Oriol. I am the former staff director of the Senate Committee on Aging and I'm here today as chair of the public policy committee of the Gerontological Society of America.

With me is Linda Krogh, who is legislative specialist for GSA.

The GSA is an organization of more than 5,600 researchers, educators, and professionals who have contributed great knowledge to the field. I found that knowledge very useful. I am not an educator or a scientific researcher. But as staff director of the Senate Committee on Aging, I was in constant touch with the GSA for the kind of information that helped the committee do its job.

We agree with the association for which Jeanne Bader just testified as to the need for a $26 million funding level for title IV for the reasons she mentioned. Some more reasons can be found in the statistics of aging. By the year 2030, projections indicate that about one out of five persons in the United States will be over the age of 65. And a rather dramatic way of putting this in another way was set forth in a Harvard University publication recently, which said that of all the people who have lived to 65 years or older in the history of the world, a majority are still living today. In other words, there are more people 65 and over now than have lived since history began.

The most startling growth in the future will be in the old-old, the population 80 years and older, which will double from 5.6 million to over 10 million in the next 20 years.

The most dramatic consequence of these changes will be felt on a national and personal level—a rapidly growing, frail, elderly population, not that when you reach a certain age you automatically become frail, but the odds do increase.

It will result in a population requiring greater support services. Studies show that this segment requires three times the home care and mental health services of the elderly at age 65, 75, and that's the population that will double within 20 years.

At the same time, there will be fewer children to provide these added needs because of declining birth rates. And for the reasons Jeanne Bader mentioned, we believe that there is a direct relationship between what title IV should do in its research and training and this sharp increase in the number of people who are most likely to need care.

I'm skipping through and I will submit, too, the full text of this.

We do need more information. In aging, we continually have to invent the future. We don't know yet what we have to do. We have to find out.

And so more information is needed about the overall situation of the elderly and particular groups within the elderly population. For example, do the communities' long-term facilities encourage independence or foster dependency?

What alternative housing facilities are available for those who cannot live alone, but don't need to be in a nursing home? There are many more questions. There are many more needs for trained people. We keep harping on long-term care, for one reason. Institutional care now averages about $17,000 a year. The total national bill for nursing home care is about $25 billion. So for these dollar reasons alone, we have to keep emphasizing.

But there's much more in the field of aging that needs attention and innovation.

I'd like to talk briefly about the need for greater support for research and training outside of the Older Americans Act or the Administration on Aging.

The National Institute on Aging funded research is only at its very beginnings; yet, it has already yielded impressive results. For example, studies on the use of biofeedback and habit training for the incontinent patient is providing some insights into diagnosis and management, both of which can lead to significant amelioration of incontinence and, in some cases, its complete elimination.

This is very important because incontinence seems, in many cases, to be the breaking point at which families can or cannot take care of the older person in the family who may be ill.

With measures to prevent or treat senile dementia before institutionalization, there could be substantial cost savings, as well as humanitarian results.

We are told that if the research findings over the next 20 years have no more than a 5-percent impact on nursing home admissions, the total reduction in expenditures for nursing home care, using conservative estimates, is $1.125 million per day.

I will conclude, Mr. Chairman, and I would like to submit for the record a summary of the arguments for increased funding levels for the title IV, and also for possible inclusion in the record, this pamphlet, which has a good statistical summary.

Senator WEICKER. These matters will all be included in the record.

Let me say this, both to you and to Jeanne, who testified before you, that I don't think there's any question in my mind that this Nation is totally unprepared for this change that's taking place vis-a-vis the elderly. We're just unprepared for it. And I think that problem is going to compound in terms of care, of lifestyle. It's just staggering to me to contemplate where we are even today and where in a very relatively short time in the future we're going to be.

And if we're behind now, I'd like to know where we're going to be 5 years from now.

Mr. ORIOL. Thank you very much, Mr. Chairmam.

[The statement follows:]

STATEMENT OF WILLIAM E. ORIOL

Good morning Chairman Weicker and Members of the Committee. I am William Oriol, former Staff Director of the Senate Committee on Aging. I am here today representing The Gerontological Society of America (GSA), an organization of more than 5600 researchers, educators, and professionals. The members of our Society include those experts who produce most of the new knowledge and information in the field of aging in the United States. At the same time, the Gerontological Society places high priority on the application of knowledge and the provision of services. In other words, our integrated professional concern is focused on research, education and training, as well as practice in the field of aging.

One of the most dramatic changes taking place in our Society is what has been termed the "graying of America". By the year 2030, projections indicate that one out of five persons in the United States will be over the age of 65. One of the more impressive ways to express the extent of this increase comes from a Harvard University publication. It noted that of all the people who have lived to 65 or older in the history of the world, a majority are still living today. The most startling growth will be in the old-old, with the population 80 years and over doubling from 5.6 million to over 10 million in the next twenty years.

The impact of these changes will be felt both on a national and a personal level. A rapidly growing frail elderly population will result in a population requiring greater support services. Studies show that this segment requires three times the home care and mental health services of elderly aged 65-75. At the same time, there will be fewer children to provide these added needs because of declining birth rates. The children are themselves aging and likely to have increasing health and other problems of their own. Increased participation of women in the workforce is another important variable. This will have a major impact on their ability to continue in their role as primary caretakers of the elderly.

Health care costs, meanwhile, are escalating rapidly. Already one dollar in ten of the gross national product is devoted to health care, thirty percent of which is being expended on the elderly who comprise only 11 percent of the total population.

With spiralling health care costs and a rapidly expanding frail elderly poulation, the amount of dollars needed can only be expected to grow. Thus, a major emphasis in the coming decades must be placed on maximizing and extending the independence of the elderly. Opportunities for prevention and intervention strategies have been greatly under-appreciated or overlooked. For example, over the last several years the federal budget has hit hardest the two areas that can contribute significantly to reducing societal costs, family burden, and personal suffering: gerontological/geriatric research and professional training.

The most immediate crisis is the devastating cuts proposed by the President for the Title IV programs under the Older Americans Act. The proposed '84 budget asks for only $5 million for the Title IV programs. If this proposal is adopted, Title IV would have been slashed by 91 percent in four years, declining from $54.3 million to only $5 million, in effect destroying a program that has taken almost two decades to build. This is a clear violation of the intent of Congress.

When the Older Americans Act was enacted in 1965, Congress recognized training, professional education, research and demonstrations projects as essential components of an overall strategy for delivering services authorized by the Act. These programs provide the necessary support for expanding the knowledge base on problems and needs of America's elderly; for designing and testing innovative ideas that might be put into practice; and for training personnel across a wide spectrum of occupations to carry out the programs of the Older Americans

Act. With the growing need yet diminishing resources to provide such services, information gained through more intensified and coordinated research and demonstration projects is ever more important in order to help find effective and cost efficient ways to deliver the needed services to a rapidly increasing older population.

Already there are a number of contributions Title IV-funded projects have made. The programs have provided innovation, direction, and services under the Older Americans Act including health promotion for the elderly, home care, clinical training, congregate housing, rural day care, legal assistance, ombudsman services, nutrition programs, Foster Grandparents, the Retired Volunteer Program, and long-term care gerontology centers. In addition, the broad range of education and training activities supported through the Title IV program over the past 16 years has contributed substantially to the preparation of skilled personnel to work with and on behalf of the elderly. It is estimated that a total of 24,000 students have received concentrated training resulting in a certificate or degree in gerontology.

Yet, this is only a beginning and many more areas have to be addressed. First, more information is needed about the overall situation of the elderly and particular groups within the elderly population. For example, do the community's long-term facilities encourage independence or foster dependency?...What alternative housing facilities are available for those who cannot live alone but don't need to be in a nursing home?...What services are most in need for whom--meals, transportation, housing, etc.?...Do we know what role churches, service clubs, etc. can play in identification of persons needing assistance and in delivering services? At both the national and state and local levels, we need to know about the location, concentration, family make-up, and functional status of the elderly.

Secondly, we need to know what is the actual or potential capacity for addressing those needs. If families and other informal support networks are to assume increasing responsibility for care of the frail elderly, we need to know how realistic these expectations are. There are indications that a number of recent trends affecting traditional family structures and lifestyles may interfere with the family's capacity to sustain its role as primary caregiver, let alone take on added responsibility.

The same concern for resources and capacity exists regarding the public sector. In an era of fixed public sector resources, how can more resources be brought to bear on aging needs or how can the existing resources be used more effectively?

Another area needing further investigation that could result in significant cost savings is in long-term care. We need more information to develop effective, quality alternatives to costly institutional care. Such costs currently average $17,000 per person per year.

A second area where Title IV has and continues to make a critical contribution concerns the question of who should be involved in addressing questions affecting the older population. These vary in scope from the allocational issues related to the growing older population to the provision of homemaker and personal-care services to the individual older person. The type of care required to serve the growing old-old population requires the knowledge and skills of trained professionals working alongside families and volunteers.

It is the federal government in general, and the Administration on Aging in particular, who had a hand in starting and supporting half of all existing gerontological education and training programs. If the federal government now relinquishes its responsibility in the training of such professionals, there is no indication that the non-federal sector has the capacity, the inclination, or the resources to assume these responsibilities. Yet, if we fail to move forward today, it will be the elderly and public who will pay tomorrow; the former, in terms of inappropriate and inadequate services; the latter, in terms of private and public dollars going for inefficient services. In other words, we in our old age will be worse off than our parents or grandparents today.

The Gerontological Society of America therefore recommends that Title IV programs be funded at a minimum $26 million for FY 1984. This represents a modest and fiscally responsible effort to restore some of the immense and disproportionate cuts which have crippled Title IV programs.

In addition to the immediate crisis facing the Title IV programs, an even more chronic problem exists with regard to the geriatric training programs supported by the National Institute on Aging and the National Institue of Mental Health. The funding for these programs, still in their infancy, has been on a downward trend since 1981. Training grants awarded by the National Institute on Aging have dropped from 163 in 1981, to 135 awards expected in 1984. Training grants and fellowships funded by the National Institute of Mental Health have also declined from 282 in 1982 to an expected 241 awards in 1984. In addition to the dwindling numbers available, these awards have become less attractive because the stipends have not kept pace with inflation.

While minimal, such training grants have been instrumental in stimulating faculty and curriculum development in geriatric medicine, mental health, and research. Here again, the erosion of these programs comes at a time when a substantial shortage of health and mental health professionals trained in the care of the elderly is being projected. Because of the growing number of older patients, medical students graduating today will spend approximately 70 percent of their practice time dealing with the elderly. Health and mental health professionals whose education includes information on aging and the needs of the aged can function more effectively as both providers of care and brokers, helping to avoid inappropriate and/or unnecessary care.

Gerontological research is also feeling the effects of budget cuts, as well as of shifting priorities. While the total federal research and development budget would be boosted by 17 percent under the Administration's FY 1984 budget plan, funding would shift away from biomedical research and place emphasis on physical sciences and engineering. With the rationale that the life sciences have experienced a high growth rate since the mid-60's, the President is requesting only a 1.8 percent increase in the NIH budget. This rationale is not valid when viewed in terms of constant dollars. Real growth, beyond that required to keep pace with inflation, has been quite minimal since the early 70's. In recent years, growth in the NIH budget has actually lagged behind inflation. To become established, a young institute such as NIA requires a substantial period of sustained growth.

Medicare and medicaid and how to control the rapidly escalating costs associated with these programs will be the frontrunning issues of the 1980's and 90's. Nursing home costs currently run $25 billion per year, half of which is paid by Medicaid. NIA is in a unique position to impact on these costs through their support of basic research on age-related diseases and the development of effective correctional strategies. Research already undertaken by NIA has disclosed the principal reasons behind long-term care admissions: incontinence, dementia, and/or loss of ambulation.

NIA funded research in these areas is only at its very beginnings, yet it has already yielded impressive results. For example, studies on the use of biofeedback and habit training for incontinent patients is providing some insights into diagnosis and management, both of which can lead to significant amelioration of incontinence and in some cases, its complete elimination. Important and major discoveries are being made about the nature of chemical changes in the brain, suggesting possible treatment for demented patients. With measures to prevent or treat senile dementia before institutionalization, there could be substantial cost savings, as well as humanitarian rewards. Research has also shown that the body responds to drugs differently as it ages, leading to more effective prescription regimens.

If the research findings over the next twenty years have no more than a 5 percent impact on nursing home admissions, the total reduction in expenditures for nursing home care, using conservative estimates, is $1.125 million per day.

In summary, there are long-range considerations which are not reflected in the figures which compare one fiscal year to the next. With a projected 20 percent of the population over 65 years of age after the year 2030, we want this population to be functioning at its fullest capacity. Simply stated, it will not only be detrimental to the population, but also a good deal more expensive to provide care to a growing older population without new knowledge. We must continue to research these problems now and train people to deal with them.

Title IV is the major source of funding for gerontological non-clinical training and education.

The cut in Title IV is being proposed at a time when the demands for information and personnel in the field of aging are growing, not diminishing.

The changing demographics of our society are well-known. By 2030, projections indicate that one out of five persons will be over the age of 65. The greatest growth will be in the old-old, with the population 80 years and over doubling in the next twenty years.

These changes will bring an increased demand for services and a corresponding need for trained personnel to plan, administer, and implement the services.

Families and other segments of the voluntary sector are currently providing the bulk of care for the frail elderly. However, a number of recent trends, such as smaller family size, more women entering the workforce, and longer life expectancy will interfere with the family's capacity to sustain its role as primary caregiver, let alone take on added responsibility. In addition, the type of care required to serve the growing old-old population requires the knowledge and skills of trained professionals working alongside families and volunteers.

The federal government in general, and the Administration on Aging in particular, had a hand in starting and supporting half of all existing gerontological education and training programs. If the federal government relinquishes its responsibility in the training of professionals in the field of aging, there is no indication that the non-federal sector has the capacity, the inclination, or the resources to assume this training and education responsibility. If these responsibilities are not met today, it will be the elderly and public who will pay tomorrow; the former, in terms of inappropriate and inadequate services; the latter, in terms of private and public dollars going for inefficient services.

Title IV is the only source for funding research and special projects to guide the development and delivery of services provided under the Older Americans Act.

When the Older Americans Act was enacted in 1965, Congress recognized training, professional education, research, and special projects were essential components of an overall strategy of delivering services authorized by the Act. With the growing need for services and the diminishing resources to provide those services, information provided through research and demonstrations is more important now than in 1965 to help determine effective and cost efficient ways of delivering services to older people. Using the example of long-term care once again, more information is needed to develop effective, quality alternatives to costly institutional care. Such cost currently averages $17,000 per person per year.

TITLE IV ALLOCATIONS

	FY 83	FY 84 (Proposed)
Training		
Career preparation	2,500,000	not available
State education & training	2,338,655	"
Minority intern program	350,000	"
Title VI (Indians)technical assistance	211,000	"
Training older persons	500,000	"
Training & technical assistance (OHDS competition)	150,000	"
Other	183,337	"
Total	$6,232,992	$1,000,000
Long-term care training/centers		
Gerontology centers	2,718,542	--
Channeling	1,190,000	--
Geriatric fellowships	700,000	--
Total	$4,608,542	--
Policy centers	$828,351	$300,000
Research $928,519	$161,943	
Demonstrations	$9,576,596	$3,538,057
TOTAL FOR TITLE IV	$22,175,000	$5,000,000

FUNDING FOR OLDER AMERICANS ACT TRAINING, RESEARCH, AND DEMONSTRATIONS

(In Millions of Dollars)

Fiscal Year	Training	Research	Demonstrations	Multidisciplinary Centers of Gerontology	TOTAL
1971	3.0	2.8	2.2	---	8.0
1972	8.0	9.0	16.0	---	33.0
1973	8.0	9.0	9.1	---	25.1
1974	10.0	7.0	16.0	---	33.0
1975	8.0	7.0	8.0	---	23.0
1976	14.0	10.0	16.3	2.0	42.3
1977	14.0	8.5	12.0	3.8	38.3
1978	17.0	8.5	15.0	3.8	44.3
1979	17.0	8.5	15.0	3.8	44.3
1980	17.0	8.5	25.0	3.8	54.3
1981					40.5
1982					22.2

EXAMPLES OF CONTRIBUTIONS MADE BY TITLE IV RESEARCH AND SPECIAL PROJECTS

- Research supported by Title IV funds showed how congregate meals for the elderly could not only foster social interaction, facilitate the delivery of support services, and meet emotional needs, but at the same time improve nutrition. The nutrition program, which now forms a major portion of Title III of the Older Americans Act, began as a single demonstration project in 1966, grew to 22 projects in 1968, and was legislatively mandated in 1972.
- Nine demonstration projects conducted in 1968 tested the viability of establishing a national network of local planning systems. This led to 21 area-wide projects in 1971 and culminated in the establishment of the current aging network which includes more than 600 area agencies on aging throughout the country.

The Transportation Research Project, conducted over a six-year period (1973-79), provided for the first time systematic information on transportation-related needs, problems, and behavior of older people. In general, the project helped service operators to design and run new "demand-responsive" transportation services in rural and urban communities, enabling older people to carry out their daily activities. At the federal level, the project provided useful information at a time when the Congress was initiating new legislation on transportation services for the elderly.

- The Nursing Home Information Project (NHIP), conducted over a three and a half year period (1975-79), devised and tested an approach for surveying local nursing homes and for summarizing and publishing information about them. Twenty-one local sponsors implemented projects during the course of NHIP. Three manuals containing instructions and materials for nursing home assessments were produced. These materials were widely disseminated and have been used by numerous private and public organizations across the country to prepare local guides.
- The Department of Labor and the Social Security Administration used the findings from an Urban Institute project to develop policy positions on income security.
- The Institute of Gerontology at the University of Michigan conducted a research project which documented the extent and severity of abuse of the elderly. The research was widely used by policymakers, practitioners, and community leaders. At least 20 state legislatures used the findings in developing legislation for mandatory reporting of elderly abuse. The project has also led to innovations in practice settings. For example, in Inkster, Michigan, the director of the local Retired Senior Volunteer Program was prompted by the final report to develop a community task force on senior

citizen abuse. Similar programs have been established in other states, including New York and Ohio, as a result of this research.

EXAMPLES OF CONTRIBUTIONS MADE BY TITLE IV LONG-TERM CARE GERONTOLOGY CENTERS AND PROJECTS

Long Term Care Gerontology Centers (LTCGC) and Projects, although still in early stages of development and operation, are already making significant contributions to the field of long-term care.

They provide a broad array of direct and indirect technical assistance, disseminate information, and develop model programs which can be replicated.

- The University of Washington Long Term Care Gerontology Center assisted Catholic Charities in developing a model to integrate the voluntary sector's long-term care services with those of the formal delivery system.
- In response to a request from caseworkers at the Rhode Island Department of Social and Rehabilitative Services for techinical assistance in the form of continuing education, the Southeastern New England Long Term Care Gerontology Center developed a multidisciplinary 11-week, in-service course for 32 caseworkers to assist them in understanding the problems of their frail elderly clients.
- A monthly community series on medical aspects of aging is being conducted by the UCLA/USC LTCGC for providers of direct care.
- The Central New York LTCGC Project at Syracuse, in a joint effort with the Central New York Hospital Association, has developed a clearinghouse where public and service agencies obtain information on education resources in health and wellness.

- The Suncoast Gerontology Center for Health and Long Term Care operates a model in-house clinical services program to improve the functional abilities of older persons with significant physical and/or mental health impairments who lose their capacity for self-care.
- The Columbia University Center for Geriatrics and Gerontology/Long Term Care has tested the application of systematic interview methods to the process of making treatment decisions for individual elderly patients.
- The Southeastern New England LTCGC, while working with a home care corporation that provided chore services, identified a need for health care services among the population served. To respond to that need, the LTCGC enlisted the help of a local hospital. With funds provided by the Area Agency on Aging, the hospital hired a nurse practitioner to work with the home care corporation and to provide the needed services.

EXAMPLES OF CONTRIBUTIONS OF TITLE IV EDUCATION AND TRAINING PROGRAMS

- The Senior Center Training Institute at the University of Maryland, the pioneer in educating staff for senior centers, has trained over 1,000 people in three years of operation, attracting not only personnel from senior centers, but staffs of state units on aging, area agencies on aging, and nursing homes as well. The number of course offerings has grown from seven to twenty-five in that same timespan. The Institute also advises senior centers on budgeting and planning. With more than 5,000 senior centers in operation, there is increasing need for this kind of training and technical assistance.
- Virginia Union University's Gerontology Program focuses on training minority undergraduate students for careers in aging

and developing programs and services for minority aged. At the end of the first four years, 80 students had graduated from the program, exceeding the projected goal of 25. Course offerings expanded from one to seven, several emanating from interaction with the community. Courses developed in response to community needs include: (1) a course through the continuing education program for administrators of adult homes; (2) courses for training coordinators of volunteers; and (3) a course for ministers to be included in the curriculum at an adjacent school of theology. The module developed will also be disseminated through an organization representing 715 Baptist churches throughout Virginia.

●● The Department of Individual and Family Studies (IFS) at the Pennsylvania State University received support from Title IV funds during the academic years 1979-82. In that time, the program has placed more than 200 students in faculty-supervised field practice positions. Further, a 1981 college-wide alumni survey showed 71 percent of the 414 respondents who had been IFS interns were involved in work related to adult development and aging. During the three academic years covered by this grant, 2,223 students completed 6,621 credit hours in courses related to adult development and aging.

●● A recent survey of 186 graduates of the gerontological career training program at North Texas State University showed that over 90 percent had secured employment in the field of aging. This program has provided personnel for direct work with both institutionalized and non-institutionalized aged in 40 states.

STATEMENT OF WETONAH B. JONES, EXECUTIVE DIRECTOR, CHILDREN'S SERVICE, PHILADELPHIA; CHILD WELFARE LEAGUE OF AMERICA

ACCOMPANIED BY NANCY McCONNELL, LEGISLATIVE ASSOCIATE, CHILD WELFARE LEAGUE OF AMERICA

Senator WEICKER. Wetonah Jones, executive director, Children's Service, Philadelphia; Child Welfare League of America.

Ms. JONES. Mr. Chairman, I am Wetonah Jones, a vice president of the Child Welfare League of America and executive director of Children's Service, Inc., in Philadelphia, a Child Welfare League agency. And with me is Nancy McConnell, a legislative associate of the Child Welfare League of America.

I thank you for this opportunity to testify on behalf of children in relation to the important decisions that you will be making regarding appropriations for the Department of Health and Human Services.

I request that my full statement be inserted in the hearing record and I shall briefly summarize it now.

This Child Welfare League of America testimony highlights the importance of Public Law 96-272, the Adoption Assistance and Child Welfare Act of 1980, which, fully funded, can insure that families are strengthened, that children are not needlessly separated from their natural families, and that those who must be separated are adopted or otherwise have permanency.

As executive director of a 96-year-old voluntary agency providing foster care services for children, I ask that as you study the written testimony of the Child Welfare League, you think about particular children such as the following in Philadelphia, Pa., who are not today receiving the services called for in 96-272, because funds are insufficient at the local level.

Think about a boy, age 10, and his sister, age 8, recently returned from placement to a chronically psychotic mother, against medical advice, and to a severely debilitated father in an advanced stage of alcoholism, to live in a home that is unfit for human habitation and is frequented by drunk and disorderly adults.

Think of a 7-year-old regressed to the level of an infant within 6 weeks following discharge from placement and returned to a home with a long history of child abuse, including second-degree burns, and profound neglect.

Think of newborn premature twins of a mother under protective supervision for her children, ages 7, 2½, and 1. In 3 months, these newborns required emergency placement after hospital treatment for severe weight loss due to irregular feedings.

You can be sure that without full funding of title IV-B and title IV-E and title XX, throughout our Nation, such children will suffer and many will die because State, local government, and voluntary funding will not be sufficient for the quality, the range, and the intensity of services that they require.

We know from our experience with agencies that with adequate funding of Public Law 92-272, these situations can be prevented. The law has clearly shifted the focus of service to families. There has been a large growth of in-home services. Residential facilities work to strengthen families for reunification.

These changes that Public Law 96–272 has initiated need to be supported to prevent the tragic situations that we have seen in Philadelphia and can find elsewhere throughout our Nation. It is a common myth that social agencies keep children in placement for revenue. It is a little known fact that insufficient governmental funding of needed services means daily that children are left in or are returned to homes that are unfit and dangerous.

Rather than this, the Child Welfare League of America specifically requests an appropriation of $266 million for title IV–B, child welfare services for 1984, to provide States the means and incentives to make child welfare reform a State priority.

Retention of title IV–E, as an entitlement, with $440 million appropriated for IV–E foster care and $10 million for the adoption subsidy program.

Retention of title IV–B, child welfare training, as a separate program with a funding level of at least $4 million.

Maintenance of title XX as a separate, identifiable Federal entitlement program to the States with an increased authorized ceiling of $2.8 million. Raising the ceiling to $2.8 million for fiscal year 1984 represents only a partial restoration of Federal funds for this important program, which was funded at a level of $2.9 million in fiscal year 1981.

Thank you for this opportunity to address the subcommittee.

Senator WEICKER. The budget request, I gather, of 1984 is $4 million below that of 1983. Obviously, there's an inflation factor there also that would further reduce that.

So the last question is are there less clients out there for fiscal 1984?

Ms. JONES. There are not less clients. The economy is such that this is the period of time that, in fact, there will be more clients rather than fewer clients. And the regrettable thing is that there also will be fewer agencies unless funding permits agencies to stay in the services that are now being provided.

Senator WEICKER. Thank you very much for your testimony.

Ms. JONES. Thank you.

[The statement follows:]

STATEMENT OF WETONAH B. JONES

The Child Welfare League of America was the first, and continues to be, the only national, not-for-profit, voluntary membership organization which sets standards for child welfare services in the United States and Canada. Our agencies provide a full range of services to children, youth and families. The League is a privately supported organization comprised of 400 child welfare agencies whose efforts are directed to the improvement of care and services for children and their families. League member agencies include religious groups as well as non-sectarian public and private nonprofit agencies. The League also represents 1,200 affiliated child care agencies through our 27 State Child Care Associations. Members and affiliated agencies of the League serve several million children in the U.S. and Canada and represent over 6,000 volunteer board members and several thousand more direct service volunteers.

We recognize the need for economic stabilization. However, additional cuts in human service programs will not lead to economic stability, and in the long run will cause increased deficits and human suffering. A perfect example of that is found in the rationale for the Adoption Assistance and Child Welfare Act (PL 96-272), a program that has demonstrated the cost-effectiveness of providing family strengthening services and adoption subsidy programs for special needs children as compared to the long term costs -- emotionally and financially, of out of home care.

P.L. 96-272, The Adoption Assistance and Child Welfare Act of 1980

The Adoption Assistance and Child Welfare Act amended the Title IV-B Child Welfare Services and Title IV-A Foster Care programs and created a new Title IV-E Foster Care and Adoption Assistance program. These amendments include a comprehensive set of protections, procedures and services for children and their families. P.L. 96-272 specifically mandates: 1) prevention of unnecessary separation of the children from the parent(s), 2) improved quality of care and services to children and their families, and 3) permanency through reunification with parents, adoption, or other permanency planning.

Realizing that only by providing alternatives to foster care, could the system be reformed, Congress placed new emphasis on increasing Federal Title

IV-B, child welfare services funds, and created a Federal Adoption Assistance Program. This focused funding on necessary alternatives: family strengthening services and incentives for adoption.

To ensure that alternative services were available, increases in Federal Title IV-B child welfare service funds were required on an advanced funding basis, before a national cap on Federal expenditures for AFDC-foster care could be imposed. For any fiscal year in which Federal funds appropriated for Title IV-B Child Welfare Services are insufficient to trigger a nationwide ceiling on foster care funds, States have the option of operating their foster care program under a State-by-State foster care ceiling based on one of three formulas contained in the law. As an incentive to reduce foster care States may transfer excess IV-E foster care funds from their allotment under Title IV-E to the Title IV-B child welfare services program provided that they have the necessary protections and procedures in place. Since the Title IV-E reimbursement rate is based on the Medicaid matching formula, approximately 50 percent, and Title IV-B is a 75 percent Federal match, this provision creates a fiscal incentive to states to provide family strengthening services.

For the last two years, Congress has reaffirmed its commitment to P.L. 96-272 by rejecting proposals to include the law in a block grant and reduce its funding. However, the level of Title IV-B Child Welfare Services funding envisioned to enable States to implement this crucial child welfare reform bill has been severely restrained the past two years. At the same time the major Federal funding source for the full range of social services, the Title XX program - the basic "service floor" for children, youth, families and individuals, was drastically cut by almost $700 million in 1981 under the Omnibus Budget Reconciliation Act (OBRA). Further, OBRA Title XX amendments eliminated the future annual incremental increases in the Title XX program legislated in P.L. 96-272. This "pulled the rug out from under P.L. 96-272" as states struggled to cope with their current level of need for services while lacking the additional resources to implement the new reforms. The critical question is: "How many children and their families are unnecessarily separated today because full implementation of the Adoption Assistance and Child Welfare Act has been delayed?"

We believe that it is important to understand what in fact is provided to children for whom permanency is the goal. We have many child welfare agencies which we could use as examples, but we have chosen one, the Whaley Home in Flint, Michigan to provide the committee with a picture of the services which P.L. 96-272 and Title XX provide.

From the moment children arrive at Whaley Children's Center, they are headed home. Most of the children have been removed from their homes because of chaotic, abusive or neglectfull family situations and the child's problems which are a result of these situations. Sixty percent of the children are permanent wards of the state, and another 40 percent still have families with whom they may eventually be reunited. In either case, all of Whaley's efforts are towards placing the child permanently in a family. The permanent placement is achieved by a variety of integrated programs:

- Residential Treatment - a therapeutic setting of intensity for an average stay of about six months;
- Community Group Treatment Homes - for the child ready to move from the residential center into a less structured community based setting;
- Pre-Vocational Adolescent Program - for older youths (12-17 years old) who cannot function well within a family but who are capable of learning the skills needed eventually to live and work within the community, this program serves youths from the group homes;
- Residential and Day Treatment School - an on grounds school serves the children from the residential and group home care, as well as children who are living in their own homes but who need greater special education services than are offered in local community schools;
- Treatment Foster Family Program - a specially trained foster family is available when the child is ready to move into a family setting. These families are screened and intensively trained and provide the final bridge between out-of-home care and permanent placement in an adoptive family or a return home;
- Specialized Adoption Program - a specialized program to find particularly appropriate adoptive families for children eligible for adoption. The prospective family (which is often the child's treatment family) is trained to help the child and continues to receive support from the Whaley staff as well as a support group of fellow adoptive families;
- Support for the Child's Original Family - includes meetings with parents of children in placement, support groups for parents, and joint planning for the child's treatment;
- Aftercare Services - even when returned home or adopted, the child and family continue to need aftercare support to assist the child in the readjustment to living in a family or to help the child who is experiencing temporary problems in the family setting. This program ensures continuation of a positive outcome.

This case study shows why the funds for P.L. 96-272 and Title XX are so important. Without such fiscal support, the children who can and are being returned home would face a bleak future, most likely in costly institutional settings for many years.

Recommendation

The Child Welfare League of America recognizes that difficult choices must be made during these times of limited resources. Since it has been demonstrated that family strengthening services are cost beneficial, both in fiscal and human terms, we request that $266 million be appropriated for Title IV-B child welfare services in fiscal year 1984 (that amount represents the P.L. 96-272 suggested Title IV-B funding level both for FY 1983 and FY 1984). A $266 million appropriation would provide States with the means and the incentive to make child welfare reform a State priority. The Title IV-E foster care and adoption assistance programs should both remain entitlements as mandated by P.L. 96-272, with appropriation levels commensurate with the Congressional Budget Office estimate for FY 1983. We request $440 million for the Title IV-E foster care program and $10 million for the mandatory Adoption Assistance program. To date only 26 States have submitted estimated expenditures for the mandatory Adoption Assistance program for FY '84 and these estimates have already accounted for $5 million. The Title IV-B child welfare training program should remain a separate program designed to provide child welfare personnel with the necessary specialized skills to enable them to make sound judgements regarding the children and families they serve, with a funding level of at least $4 million. The Administration's proposals to cap the foster care program, depress funding for IV-B child welfare services and fold in the discretionary child welfare training program dismantles the entire reform package.

Title XX Social Services Block Grant

This program is the principal Federal funding source for the full range of social services as determined by the State. Approximately 62 percent of the program funds have been expended for services to children and their families. A large percentage of day care for low-income families, which enables parents to work, is provided under Title XX. Increased demand on services offered under the Title XX program is being experienced with reductions in programs like AFDC, Medicaid, food stamps, housing, CETA, and low income energy assistance. Coupled with an overwhelming increase in the need for services brought about by the economic conditions of the past two years, the strain on social service dollars and programs provided by Title XX is enormous. Additionally, substantial funding cuts have strained the States' ability to implement the bipartisan supported reforms contained in the Adoption Assistance and Child Welfare Act. Any further reduction in the Social Services Block Grant could effectively halt States' efforts to find permanent homes for children.

Title XX provisions contained in P.L. 96-272 provided for annual incremental funding increases through FY 1985. By FY 1984 the ceiling would have been $3.2 billion with an additional $75 million in training funds and $16.1 million in social service funds to the territories.

Unfortunately, Title XX was amended in the Omnibus Budget Reconciliation Act of 1981 (OBRA). OBRA slashed funding by almost $700 million, folded in the separate training program and the services funds to the territories, deleted most of the programmatic provisions, and dramatically reduced future funding levels as well.

The Administration is requesting the full $2.5 billion entitlement amount authorized for FY '84. However, this request assumes that Congress will agree to terminate the Community Services Block Grant (CSBG) and the Work Incentive program (WIN), suggesting that States provide CSBG and WIN services under the Title XX funds which are already severely strained. In FY '83 CSBG was funded at $360.5 million and WIN was funded at $271 million for a total of $631.5 million. That amount represents more than twenty-five percent of the funding level for the Title XX program in FY '84 under current law.

The WIN program is designed to encourage and assist AFDC families to achieve self-sufficiency through employment training and support services such as day care. To eliminate this program at a time when it should be strengthened to meet increased demands is poor public policy. The Administration expects AFDC families to become employed, yet proposes to eliminate and reduce the support programs which enable them to do so.

P.L. 98-8, the Emergency Appropriations for Unemployment and Humanitarian Relief Act, recognizes the necessity of improving funding levels for these crucial human service programs by appropriating an additional $225 million for Title XX and an additional $25 million for CSBG for FY '83. The Senate Appropriations Committee, in its wisdom, proposed an additional $300 million for Title XX acknowledging the need for increased family support services and provision of day care to enable parents to seek and find employment when possible. These increases should be maintained in the regular appropriation bill to continue the economic recovery and to strengthen families.

Recommendation

Reject the Administration's proposal regarding the provision of CSBG and WIN services under the Title XX program. Maintain Title XX as a separate identifiable Federal entitlement program to the States, with an increased authorized ceiling of $2.8 billion as assumed by the House Budget for FY '84 and proposed by the Senate Appropriations Committee in the Emergency Supplemental Bill for FY '83.

Title XX suffered dramatic funding reductions under OBRA, as did numerous other programs that support children and their families. Raising the ceiling to $2.8 billion for FY '84 represents only a partial restoration of Federal funds for this important program which was funded at a level of $2.9 billion in FY '81.

The CWLA will submit a supplementary statement addressing our recommendations for Maternal Child Health, Runaway and Homeless Youth, Family Planning and Population Research, and Child Abuse and Neglect Prevention and Treatment and Adoption Reform Act.

National Adoption Reports

A monthly newsletter from National Committee For Adoption headquarters in Washington, D.C.

ADOPTION STATISTICS SHOW ADOPTION IS BETTER OPTION FOR CHILDREN

MOST WHO WANT TO ADOPT, DO. According to two papers by Dr. Christine A. Bachrach, a statistician with the U.S. National Center for Health Statistics, people are continuing to adopt despite the difficulties and the attacks on adoption. Among women under 30 with fertility problems, 17.5% had adopted. Among those 30-44, 45.8%—nearly half—had adopted. The figures are even higher, if one takes into account the fact that 10-14% had biological children after adopting.

NO SIGNIFICANT RACIAL DIFFERENCES. In all, 2.4% of White ever-married women 15-44 had an adopted child. The Bachrach study also dispels the myth that Blacks do not adopt. 1.8% of Black ever-married women 15-44 had an adopted child. As Bachrach states, "The data reveal no significant differences in the frequency of adoption by race." Significantly, the percentages in the Bachrach papers are similar to those reported in a 1973 sample showing a 2.2% rate among Whites and a 1.8% among Blacks.

COUPLES WHO ADOPT STAY MARRIED. Although there are persistent reports of the decline of the 2-parent family in the U.S., this is not true for families with adopted children. 96% of the adoptive mothers are currently married. As Bachrach says, "The high proportion of married mothers with adopted children may reflect, on the one hand, the preference of adoption agencies to place children with couples in stable marriages and, on the other hand, a greater willingness of such couples to see through the often difficult and time-consuming process of becoming adopted parents."

ADOPTIVE MOMS OLDER, BETTER-EDUCATED. Adopted children also have mothers who have more time available for childrearing—only 18% work fulltime outside the home. Adopted children's mothers also were better educated—nearly twice as many, 41%, had mothers who had completed at least 13 years of school. If competence in parenting can be said to come with age, the adopted children have another advantage—71% of adopted children had mothers 35-44 years of age.

FEW ADOPTED CHILDREN IN POOR HOMES. It is in the area of family income where the differences were most striking for the children. Assuming that most of the adopted children were born out of wedlock, here's the picture. 90% of out-of-wedlock children living with their mothers had homes with low family incomes—66.5% were below the poverty level and 23.6% were at the 100-199% of the poverty level. Only 2.1% of adopted children live in families with incomes below the poverty level and 15.1% at 100-199% of the poverty level. 82.8% had homes with good family incomes.

OUT-OF-WEDLOCK OUTCOMES. Dr. Bachrach says: "The data presented here reveal a sharp contrast between the privileged economic circumstances of adopted children and the extremely disadvantaged economic status of children with never-married mothers. Adopted children also appear advantaged with respect to the presence of a father in the household and the educational attainment of their mothers. These differences are not greatly diminished when the sharp differences in racial composition between the two groups are taken into account."

ADOPTION—THE BETTER OPTION. Those who promote adoption as an option usually claim that it works out better for the child. "The differences are significant," Dr. Bachrach concludes, "because adopted children and the children of never-married mothers constitute the "products" of two important options open to a premaritally pregnant woman, i.e., placing the baby for adoption or raising it herself. The data presented here suggest that the child himself has much to gain if the former option is elected." Dr. Bachrach's papers appeared in the Feb. and May 1983 issues of *Journal of Marriage and the Family.*

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Washington Roundup

NCFA Chairman, Toni McHugh, came to Washington on April 14, 1983 to testify before the U.S. Senate Subcommittee on Family and Human Services chaired by Sen. Jeremiah Denton (R-AL). McHugh, joined with eight other witnesses, including NCFA Board member Robert DeBolt, an adoptive parent and President of Aid for the Adoption of Special Kids, America, in supporting the continuation of the Federal adoption opportunities law.

Senator Denton, along with Senator Orrin Hatch (R.-UT) introduced a bill on April 7, S. 1003 which calls for the re-authorization of the adoption opportunities law for two more years, and expands the findings of the law to include infants at risk with life-threatening congenital impairments and infants born to unmarried, teenaged parents, along with thousands of children in institutions and foster homes in need of permanent adoptive homes. The bill also encourages the involvement of corporations in supporting adoption, including the establishment of adoption benefit programs for employees who adopt children. Another important improvement made in the current law by S. 1003 calls for the involvement of the Bureau of the Census in data gathering and analysis of adoption and foster-care information. McHugh told Sen. Denton that NCFA supports S. 1003, and discussed with the Senator barriers to positive adoption services including the underutilization of the private, voluntary sector by the public sector in the placement of children; the delays often caused by the Interstate Compact for the Placement of Children; and the delays experienced in Family Courts in terminating parental rights.

S. 1003 also contains provisions for continuing the child abuse and neglect prevention and treatment act, and includes protections from withdrawal of nutrition and treatment for infants born with handicaps. Tell your Senator that NCFA supports S. 1003.

In the House of Representatives, legislation has been introduced which extends the adoption opportunities law for four more years. H.R. 1904, supported by all the members of the Subcommittee on Select Education, is being carried by the Subcommittee Chairman Austin Murphy (D.-PA) and has the support of the ranking Minority member of the full Committee on Education and Labor, John Erlenborn (R.-IL). The bill makes only one change in the current adoption opportunities law: reviewing the final Model Act for ways to facilitate the adoption of handicapped infants. Tell your Representative that NCFA supports H.R. 1904.

Adoption and the Law

The U.S. Supreme Court decided on April 12, 1983 to vacate its decision to hear the case, *Kirkpatrick v. Christian Homes of Abilene*, and sent the case back to Amarillo, TX Court of Appeals in order to determine State law issues. This case was brought to the Supreme Court by the American Civil Liberties Union on behalf of D. Kirkpatrick, a putative father who did not agree to the adoption plan made by an unwed mother for her infant daughter. The National Committee For Adoption filed an *amicus curiae* (friend of the court) brief in support of the Christian Homes of Abilene's case that adoption was the best plan for the baby. Another *amicus curiae* brief was filed on behalf of unwed mothers by attorney Nancy S. Erickson, the National Center on Women & Family Law, and the Committee for Mother and Child Rights, which supported the unwed mother's adoption plan for the baby. (Copies of NCFA's brief which provides a useful summary of the case law and issues regarding putative fathers' rights, prepared by NCFA's Counsel, C. Harold Brown and William Schur, are available for $7, postpaid from NCFA's Bookstore.)

Book Review

So You're Adopted

by Fred Powledge
Charles Scribner's Sons, New York
Hardcover, 101 pages, $9.95

This book is written for teenagers, by an adult who was adopted in infancy, and who believes "...that being adopted is just one of the many components that have been mixed together over the years to make me what I am." We asked an adopted person, and a non-adopted teen to read the book and both liked what Powledge had to say. The adopted person especially liked the author's balanced attitude about what adoption means to different people. The teenager liked the facts and candid discussions about the different emotions people feel and the questions they ask about being adopted. We like the book too, although we wish Powledge had explored the concept of mutual consent meetings along with his discussion of the why, when and who of searching. *So You're Adopted* is available through NCFA's Bookstore, at $11.85.

IN THE STATES: ADOPTION LEGISLATION

ARKANSAS

Act 175, signed by Governor Bill Clinton on February 15, 1983, outlines the procedures for the collection of a nonidentifying health history of biological parents and other relatives for the adoptive family. This must now be collected by any agency, as well as any individual or entity which arranges non-agency adoptions. The health history will also be available, upon request, to the adopted person when he reaches the age of majority.

COLORADO

Legislation setting up a mutual consent, voluntary adoption registry in the Department of Health has passed the Colorado General Assembly. The legislation's purpose is to enact a law allowing the Department of Health to continue operating an adoption registry which had been set up through regulation but was stopped by the Legislature. The bill is now in the Senate Judiciary Committee for review. NCFA member agency, Bethany Christian Services has reservations about the bill because it doesn't include involvement of licensed adoption agencies in providing counseling or non-identifying information to the registrants.

MARYLAND

A bill creating open adoption for children 10 years of age or older, which had already passed Maryland's Assembly, was stopped by the Senate Judicial Proceedings Committee. The Senate Committee heard testimony from NCFA member agency Bethany Christian Services and an adoptive parent, both opposed to the legislation because of its negative impact on adoptive family-building. The proposed legislation would have allowed the court to give visitation rights to any natural relative at the time the adoption decree was granted. The child being adopted also had to give consent to the visitation petition.

MASSACHUSETTS

Representative Paul White has introduced legislation to establish a mutual consent voluntary adoption registry, H.B. 5377. In the Senate, a companion bill has been introduced by Senator Joseph Walsh, S. 1093. On March 7, the House Judiciary Committee held a hearing on adoption-related bills, including H.B. 5377. NCFA Board Member Margaret Sullivan testified in support of the registry bill.

NEBRASKA

This state has a law allowing adopted adults to request an agency search for biological parents to find out if they would consent to a meeting and the sharing of identifying information. The search groups, not satisfied with the access-to-records law, worked to get a bill introduced, L.B. 283, which would open all records pertaining to the adoption, at the request of an adopted adult. NCFA member agency, Nebraska Children's Home Society worked along with adoptive families to inform the legislators of the detrimental effects of an open records bill. The bill's main sponsor, Sen. DeCamp, has decided not to push the bill this year.

OREGON

Representative Zajonc introduced legislation establishing a voluntary adoption registry and providing for the transmission of nonidentifying information on the heath and genetic history of an adopted person, H.B. 2598. The bill, supported by the licensed adoption agencies in Oregon, has received a favorable hearing in the House and is expected to be reported out of Committee soon.

TEXAS

On April 6, 1983, the Texas House passed a mutual consent, voluntary adoption registry bill. H.B. 1174, sponsored by Rep. Schlueter., establishes a registry for adopted persons aged 21 or older and biological parents to registry their willingness to meet. There is a companion bill in the Senate, S. 777, sponsored by Sen. Bill Sarpalius. NCFA's member agencies are asking all those involved with adoptions in Texas to write the Texas Senators encouraging them to support S. 777. Write to the Senators at P.O. Box 12068, Austin, TX 78711.

UTAH

Efforts are continuing in Utah to enact a mutual consent, voluntary adoption registry law. Adoptive families and concerned professionals are educating the Utah legislature on the merits of such a proposal. In March, a Senate Committee decided not to report out a House-passed registry bill. Rather than viewing this as a set back, supporters of the registry proposal see an opportunity to develop more understanding and support for the registry in next year's legislative session.

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From the Chairman:

POSITIVE ADOPTION RESULTS POSSIBLE

Toni McHugh

As you read in the *Washington Roundup* on page 2, I had the opportunity to represent NFA's Board of Directors, member agencies and adoptive family members at a hearing in the U.S. Senate on April 14. There were two issues which I discussed with Senator Denton, Chairman of the Subcommittee which I'd like to share with you.

One of the major obstacles to getting infants and children adopted is the resistance by the Family Courts to making the final determination for the termination of parental rights. For example, in my state of New Jersey, a recent report by the Adoption Task Force found that one-third of 276 children in litigation procedures to free them for adoption had been in the legal system for over six months and it was not known how much longer it would be until the court would make a decision. The most frequent cause of delay was court schedulings, including postponements and adjournments. These delays for children in need of homes is a serious problem. I recommended in my testimony that adoptive family groups need to work constructively with the Family Courts to see that the termination proceedings are improved.

The other area in which improvements can be made is in the cooperation between public and private, voluntary adoption agencies so that more children get adopted, at less cost to the taxpayer. I described to Senator Denton the work of one NCFA member agency under an agreement with the State agency which placed 96 special needs children for adoption in 1982. Approximately $500,000 for foster care would have been spent by the public and private agencies that year for these children if they hadn't been adopted. And these children and their new families have found love and happiness. So there are positive results, which improved laws and increased cooperation between the courts, the agencies and adoptive families can make happen.

From the President:

ADOPTION STUDIES ARE PROOF: ADOPTION WORKS

William L. Pierce

The page one story is hard reading, but we hope you look carefully at all those statistics. The bottom line is that "the child himself has much to gain if [adoption] is elected" by a premaritally pregnant woman. No longer can anyone looking at the increase in out-of-wedlock pregnancies wonder what option's best for the child. Child welfare advocates have the facts they need to push for adoption, facts they need to share with maternity clients.

There's also a strong statement in the data about the kinds of people who do adopt—they're couples who stay married, with better-educated mothers who sacrifice full-time paid employment for parenting, and have enough income to provide a good home for a child.

The myth that Black families don't adopt is also shattered. But then, this fact is nothing new. A similar study, published five years ago, said that "both races show very high acceptance of adoption, especially in relationship to the proportion who actually do adopt."

The study we need next is one comparing outcomes for premaritally pregnant women, looking at those who plan adoption compared to those who don't. And we have a hint as to what their lives are like. Over two-thirds have a family income below the poverty level. I'll bet the research will show that the adoption option is as positive for the unwed mothers as it is for their children.

To join the National Committee For Adoption, detach and return the application below to: NCFA, Suite 326, 1346 Connecticut Ave., N.W., Washington, D.C. 20036

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STATEMENT OF MARYLEE ALLEN, DIRECTOR OF CHILD WELFARE AND MENTAL HEALTH, CHILDREN'S DEFENSE FUND

Senator WEICKER. MaryLee Allen, director of child welfare and mental health, Children's Defense Fund.

Ms. ALLEN. Good morning, Senator Weicker.

Senator WEICKER. Good morning.

Ms. ALLEN. I am MaryLee Allen, director of child welfare and mental health at the Children's Defense Fund, and I certainly appreciate the opportunity to testify for CDF today concerning fiscal year 1984 appropriation levels for several key children's programs.

CDF, based on its analysis of past and proposed budget cuts on children, which are included in the children's defense budget, which I'd like to submit for the record today, is extremely concerned that poor, handicapped, abused and neglected and homeless children, and their families have borne the brunt of the unfair budget decisions of the past 2 years and that they are further jeopardized by the administration's additional $3.5 million in cuts in children's programs proposed for fiscal year 1984.

[CLERK'S NOTE.—A children's defense budget is contained in the subcommittee files.]

Ms. ALLEN. We, therefore, urge you and this subcommittee, who have been so supportive of children's programs in the past, not only to reject further cuts in key children's programs, but also to restore funding for a range of cost-effective programs for children in the areas of child welfare, child care, child health and education for disadvantaged, and handicapped children.

Specifically, this morning, I recommend that the subcommittee fund first the title IV–B child welfare services program at $266 million, $110 million above its current level; the child abuse prevention and treatment program at $34 million, $18 million above its current level; and the Head Start program at $1.058 billion, $146 million above its current level.

Funding increases in these three programs and the social services block grant that Ms. Jones testified to earlier will allow continued efforts to strengthen and preserve families. And also, most importantly, it will increase the capacity of human service agencies to respond to increasing reports of child abuse and neglect and escalating demands from families struggling to cope with current fiscal crises.

Let me just mention a couple of specific examples. A survey conducted last fall by the National Committee for the Prevention of Child Abuse and Neglect reported that 39 States had seen an increase in reports of abuse and neglect. Thirty-three States reported seeing more serious abuse during the past year. Yet, 32 States reported that they had had noticeable cutbacks in child abuse programs in the State.

In Dallas, Tex., the county child welfare unit experienced a 26-percent increase in the number of children in foster care over the past 15 months. Yet, as the needs of these most vulnerable children in families increased, and the system's capacity to meet their needs decreases, the administration persists in turning its back on the problem and the needs of these particular children.

Again this year, the administration has recommended level funding for the title IV–B child welfare services program and a decrease in the Federal child abuse prevention and treatment program. Modest increases are essential for these programs now.

The expansion of Head Start is also particularly important at this time as more and more families are struggling to maintain essential services for their children. Head Start provides not only a solid educational program for children, but access to medical and dental services, which, together, can provide support for families with limited resources.

Funding Head Start at its authorized level of $1.058 billion will allow the program to expand its enrollment by 33,000 children. In contrast, if Head Start were frozen at its current level of $912 million, more than 22,000 children would lose Head Start service.

We also urge the subcommittee to reject the administration's proposal to reduce funding for training, technical assistance, research, and evaluation by 50 percent. This will severely affect the quality of services available to Head Start children, including the over 44,000 handicapped children in the program.

The modest investments in these programs will be a beginning to more children and begin to address the harms of the past several years.

We thank you, Senator, for your continuing support on behalf of a range of children's programs over the years and urge your support of our proposals today.

Thank you.

Senator WEICKER. Thank you very, very much. I appreciate your testimony. Your statement will be included in the record at this point, along with other statements submitted for the hearing record on fiscal year 1984 appropriations for the Office of Human Development Services.

The subcommittee will stand in recess for 5 minutes.

[A brief recess was taken.]

[The statement follows:]

STATEMENT OF MARYLEE ALLEN

I am MaryLee Allen, Director of Child Welfare and Mental Health at the Children's Defense Fund (CDF). I appreciate the opportunity to testify today for CDF concerning the FY 1984 appropriation levels for several key children's programs.

The Children's Defense Fund (CDF) is a national public charity created in 1973 to provide a systematic voice to improve the lives of children and place their needs higher on our nation's public policy agenda. CDF has issued a number of reports on major problems facing large numbers of children in the areas of child welfare, child and adolescent mental health, child care, and education, and seeks to address these problems through public education, the monitoring of federal and state policies and practices, work with other national organizations and state and local groups, and litigation.

CDF earlier this year prepared a report on the impact of the $9 billion in cuts from programs for poor children and families that occurred in FY 1982 and FY 1983, and the anticipated impact of the additional $3.5 billion in cuts proposed for FY 1984. I would like to submit that report, A Children's Defense Budget, for the record today.

Our budget analysis reveals that minimal restorations in a range of programs affecting poor, homeless and handicapped children will begin to go a long way toward repairing the holes in the safety net caused by the unfair budget policies of the last two years. The Children's Survival Bill, S. 572, calls for modest increases in a range of children's programs in the areas of child welfare, adoption, child abuse prevention, runaway youth services, Head Start, child care, preventive health care, education for disadvantaged and handicapped children, and youth employment and training to which we hope this Subcommittee will give serious consideration.

I would like to use my limited time today to address several of CDF's concerns about child welfare and Head Start, two of the program areas in which this Subcommittee has been extremely supportive in the past. Funding increases in the Title IV-B Child Welfare Services Program, the Child Abuse Prevention and Treatment Program, and the Head Start Program will allow continued efforts to strengthen and preserve families, and also increase the capacity of human service agencies to respond to increasing reports of child abuse and neglect and escalating demands from already fragile families struggling to cope with current fiscal crises.

Child Welfare

In the past two years the plight of abused and neglected children, emotionally disturbed children, children in foster care, and those awaiting adoption has grown worse. There have been alarming reports of increases in child abuse and neglect; a number of communities are experiencing an increased demand for foster care placements; and cutbacks have occurred in services to prevent family crises. Unemployment, fiscal pressures, and reductions in basic income, health and food programs have also combined to overwhelm already troubled children and families.

Consider just several specific examples:

- A survey of child abuse specialists in all 50 states and the District of Columbia, conducted in the fall of 1982 by The National Committee for Prevention of Child Abuse, reported that 39 states had seen an increase in reported cases of abuse in the past year. Fifteen states said the number of confirmed reports was also increasing. Thirty three states reported seeing more serious abuse, and 14 states said they were seeing more deaths due to abuse. Despite these figures, 32 states said there had also been noticeable cutbacks in child abuse programs.
- In Dallas, Texas, the county child welfare unit has experienced a 26 percent increase in the number of children in foster care in the county--from 380 to 480--over the past 15 months. The children entering care are suffering from more serious conditions--burns, multiple fractures, and head injuries. Twenty percent of the children being placed have been in the state for less than a year.
- In Philadelphia, general protective service reports of children needing protective services in October 1982 were double those of a year earlier. Fifty percent of the 136 new reports in October were directly attributable to economic factors--families with no heat, food, or place to live. A year ago workers in Philadelphia were getting three to five new cases a week. Now they are getting ten. Intake, which formerly averaged 10 to 12 cases a day, is averaging 30 a day. Although the city has seen a 50 percent increase in cases over the past year, there are at least 20 fewer workers to meet the needs of children and their families.

Yet as the needs of our most vulnerable children and families increase, the Administration persists in turning its back on the problems again this year and maintaining level funding for two of the programs directly targeted to meet these increasing needs -- the Title IV-B Child Welfare Services Program and the federal Child Abuse Prevention and Treatment Program. Modest increases are essential now for these programs. Abused children and others at risk of separation from their families or in foster care can wait no longer.

CDF recommends that the Title IV-B Child Welfare Services Program be funded at $266 million for FY 1984, $110 million above the $156.3 million level at which it has been funded for the past two years and which the Administration recommends for FY 1984. We also recommend that the Child Abuse Prevention and Treatment Program be funded at $34 million for FY 1984, $18 million above its current funding level.

The Title IV-B Child Welfare Services Program provides funds for a range of support services that can help keep families together and prevent children from entering costly foster care inappropriately. These funds can also be used for services to reunify children with their families after they have been placed in foster care. The Child Welfare Services Program is an essential component of P.L. 96-272, the Adoption Assistance and Child Welfare Act of 1980, which was enacted almost unanimously in June 1980, and which the Congress fought so hard to maintain these past two years.

The services and reforms funded with Title IV-B funds not only provide alternatives to foster care, but are cost effective as well. Reports from a number of states, including California, Iowa, Kansas, Minnesota, and Oregon,have documented cost savings as a result of the implementation of programs to provide these family support services.

As you consider an increase for the Child Welfare Services Program, we urge you as well to reject the Administration's proposal to cap the federal foster care program under Title IV-E of the Social Security. As Congress recognized in enacting P.L. 96-272, an arbitrary cap on funding for out-of-home care will seriously jeopardize children unless simultaneous efforts are made to ensure that services are in place to ensure appropriate alternatives to foster care. Certainly at a time when the Child Welfare Services Program, Social Services Block Grant, and the child abuse program are suffering from two years of cutbacks one cannot assume that services for alternatives to foster care in place. Nor does it make sense to impose a cap based on FY 1982 funding levels,as the Administration proposes,when communities are experiencing real increases in the numbers of children entering care.

The recommended increase in funding for the Child Abuse Prevention and Treatment Program will allow the Federal Government to assist states in responding to increased reports of abuse and neglect, and to provide funds to demonstrate innovative prevention and treatment methods for these children and their families. The federal child abuse program has been an important catalyst for coordinated state approaches to the problems of abuse and neglect. Perhaps most significantly federal child abuse funds have been useful in leveraging state and local funds and volunteer services to help abused and neglected children.

Head Start

Project Head Start is a comprehensive child development program designed to help economically disadvantaged preschoolers. During its 17 years of existence, Head Start has provided medical, dental, nutrition, educational, social and mental health services to over 8.6 million children and their families. However, the approximately 396,000 children who now participate in the program represent under 17 percent, or only one in six, of those children who are eligible. Over 1,000 counties in the United States still do not participate in the program.

Although CDF is pleased that the Administration has recommended a $62.7 million increase for Head Start for FY 1984, we are concerned that the amount as proposed is sufficient to add only about 5100 children to the program. Further, the Administration's proposal to simultaneously reduce funding for training, technical assistance, research, and evaluation from $35 million to $17 million will seriously jeopardize the quality of Head Start services available to children and their families. We are also concerned about the Administration's proposal to transfer Head Start food monies from the Child Care Food Program to the Head Start budget. The food monies would no longer be indexed to reflect changes in food prices, and as food prices rise Head Start programs would be forced to make difficult trade-offs.

CDF recommends that the Head Start Program be funded at $1.058 billion for FY 1984, and that the Administration's proposal to reduce funding for training, technical assistance, research and evaluation under Head Start be rejected.

Funding Head Start at its authorized level of $1.058 billion (an increase of $146 million over FY 1983) will allow the Head Start program to expand enrollment by 33,000 children and maintain quality services. In contrast, if Head Start were frozen at its current level of $912 million, more than 22,000 children would lose Head Start services. The expansion of Head Start is particularly important at this time as more and more families are struggling to maintain essential services for their children. Head Start programs provide medical and dental screenings, treatment, and immunizations, as well as a solid educational foundation, and offer valuable support services for parents with limited resources.

The proposed cut in training and technical assistance is especially troubling because of Head Start's dependence on the volunteer participation of parents and the inclusion of community members on program staffs. For every 15 children in Head Start, ten parents volunteer services to the program. Twenty-nine percent of the staff are parents of current or former Head Start students. Both the parent volunteers and staff must have in-service training to maximize their potential to serve children well. A firm commitment to training and technical assistance is also increasingly critical in view of the anticipated expansion of the program which will necessitate training for new staff and for parents of new children.

Particularly dramatic is the Administration's proposal to cut in half funding for Special Handicapped Projects. These 15 technical assistance projects are used to train teachers and support staff who work directly with the over 44,300 handicapped children in Head Start. The need for special expertise in serving handicapped children is obvious.

The proposed reduction in research and evaluation also undermines the Head Start program. Head start research and development funds keep the program on the cutting edge of new and innovative approaches to meeting the needs of low-income families. Further, we believe that the Congress, taxpayers, and the Head Start community have the right to know that the program is properly administered and evaluation helps make this possible.

Thank you for your continuing support on behalf of children.

LETTER FROM NANCY DATAN, PH. D., PROFESSOR, BEHAVIORAL AND SOCIAL SCIENCES REPRESENTATIVE, PUBLIC POLICY COMMITTEE, GERONTOLOGICAL SOCIETY OF AMERICA

April 29, 1983

Mr. William Oriol
Chairman, Public Policy Committee
Gerontological Society of America
804 Hillsboro Drive
Silver Spring, MD 20902

Dear Bill:

At the 1983 midyear meeting of the Public Policy Committee of the Gerontological Society of America, we devoted some time and attention to the issue of cutbacks in clinical training funds for doctoral programs in psychology. I would like to supplement that discussion with some observations.

Federal policies on education are currently being shown to be penny-wise and pound-foolish. The National Institute of Education has just released a report demonstrating decline in education from kindergarten through college, which charges that if an enemy had set out to undermine academic quality with the effect that present declines demonstrate, it would be considered an act of war. If the panel of experts which make this claim is to be believed, what can we say about the cutback in support for clinical gerontology? I would call it an act of unwitting self-destruction.

Let me sum up the more salient facts which support my claim. In 1980, it was estimated that up to one-fourth of all Americans over age 65 were experiencing significant symptoms of mental illness. Of those elderly residing in nursing homes, up to three-quarters were manifesting significant symptoms of emotional or behavioral disorder. Yet only 4% of community mental health center patients in 1980 were elderly; only 2% of clients seeking private mental health service were elderly. Indeed, many of the 1.3 million nursing home residents had formerly been patients in state mental health institutions. But only a very small proportion of all nursing home residents have access to mental health services.

To restate these percentages more simply: one out of four older Americans is at risk for mental illness, and of these only a small proportion can be helped. Of those older Americans in nursing homes--and one out of four older Americans can expect to be in a nursing home at some time in his or her life--a majority suffer significant degrees of mental impairment, and hardly any are being helped. Add to these current statistics the fact that most of us can expect to live longer lives, and with the extension of the life span many of us must expect to face the possibility of institutionalization, and we see not only that the risk of mental illness is multiplied many times over but, with cutbacks in training monies, the current inadequate supply of mental health services becomes a critical shortage. The quality of life for all older Americans is thus threatened.

Let me try to support my claim that it is not merely the mentally ill elderly but indeed all older Americans, and ultimately ourselves, who face a threat to the quality of life, with an analogy. Who among us would send our children to a kindergarten where the known incidence of disease was one in four? Who would place a child in a boarding school where mental illness struck from half to three-quarters of the residents? Yet these are the mental health statistics reported for older Americans in the present cohort of elderly at a mini-conference on the mental health of older Americans organized and sponsored by the American Psychiatric Association, the American Psychological Association, the American Nurses Association, and the National Association of Social Workers in November 1980. As the proportion of elderly in the United States increases, so will the absolute numbers of elderly facing the threat of mental illness; as the life span is extended and numbers of frail elderly grow, so will the number of nursing home residents facing the virtual certainty of mental illness.

In short, even if funding for clinical psychology training programs were held constant, the present supply of mental health practitioners would be inadequate today and still more inadequate in the next decade. The tragedy of short-sighted planning is that today's cutbacks will lead to a sharp decline in mental health services at a time when need is increasing, and that by the time the inevitable crisis becomes obvious to the public, we will also face a shortage of qualified trainers of practitioners. The work of many years to build up a national training network can be dismantled in a very short while. However, I think that if cutbacks are not reversed, we shall quickly learn to our misfortune that it will prove far more difficult to rebuild this network than to sustain it.

Finally, let me say that clinical gerontology programs have generated decades of research not merely on the treatment of mental illness but on its prevention; there is now an accumulated body of knowledge on mental health in later life to which present and future researchers and practitioners will contribute, if funding permits. Not only as a psychologist, but as an American citizen, I hope to reach a good old age, and I view the dialogue between the behavioral sciences and public policy as a means to enrich our future.

Sincerely,

Nancy Datan, Ph.D.
Professor
Behavioral and Social Sciences Representative, Public Policy Committee
Gerontological Society of America

STATEMENT OF SUSAN R. MCCARTHY, DIRECTOR, WINDSOR HEAD START

I am the Director of the Head Start Program in Windsor, Connecticut. It is a delegate level program whose funding is channelled from the Regional Office in Boston through the Community Renewal Team of Hartford, the grantee, I have been involved with Head Start since 1969, first as a teacher, and then as a Director.

We have been advised of the fact that an increase of 62 million for 1984 has been proposed for Head Start but that almost all of the money is designated for expansion with very little, if any, to go for cost of living increases. Head Start is a quality program providing for a multitude of services for children and families. Yet to maintain this quality, certainly you must realize that we must receive sufficient cost of living increases to meet the rising costs of materials and services.

Due to the present condition of the economy, we have been told to accept level funding for 1983. In addition to rising transportation costs and the increased prices of consumable supplies, I have had to tell my staff, who are already paid far below public school scale, that there will be no pay increase for 1983. Now we are told to expect a possible 1% increase for our budgets in 1984.

I am proud of our program and what it has contributed to the area communities. We have certified teachers and qualified support staff, yet they are growing restless and will leave if they are unable to support themselves on a stagnate salary. I also foresee having to cut out transportation which consumes slightly less than 25% of our budget. Poor families often do not have transportation and therefore will probably not be able to get their children to school.

We have also been told that funds provided to Head Start through the Child Care Food Program, currently under the United States Department of Agriculture, be directed into the Head Start Budget. If this occurs these funds will be frozen, thereby leading to a loss in quality of Head Start meals should costs rise.

As a Head Start Director I am faced with losing quality staff, important services and accepting less than quality food. Please reconsider use of the 62 million for Head Start. Instead of expanding Head Start thereby creating watered down programs, use the money to maintain the present effective and successful programs. I feel confident that I can count on your support. Someone must speak out for the poor.

Sincerely yours,

Susan R. McCarthy

Susan R. McCarthy
Director

STATEMENT OF DR. WARREN K. GIESE, CHAIR, NATIONAL COLLEGIATE ATHLETIC ASSOCIATION

Mr. Chairman and members of the Subcommittee, I appreciate this opportunity to submit a statement on behalf of the National Collegiate Athletic Association. I am Dr. Warren K. Giese, a professor at the University of South Carolina, Chair of the National Collegiate Athletic Association National Youth Sports Program Committee, and a member of the President's Council on Physical Fitness and Sports. The purpose of this statement is to request that Congress appropriate $6 million for the 1984 NYSP.

First, I would like to express the deep appreciation of the NCAA, and my own personal thanks, for the continued congressional support for this nationally recognized and highly successful program. Your actions have enabled hundreds of thousands of needy youngsters to participate in this constructive program.

This Committee and the Congress have shown their faith in the ability of the NYSP to teach the underprivileged participating young people the skills and attitudes necessary for personal growth, improved health and escape from poverty. The NCAA strongly believes in the tremendous value of the program, both to the disadvantaged youth and the communities in which they live. For these reasons, the NCAA asks that this Committee recommend an appropriation of $6 million to continue the NYSP in FY 1984.

Each year the NYSP has provided about 50,000 needy youngsters, both male and female, ages 10-18 (10-16 beginning with 1982), with high quality sports instruction and competition. In 1982, the NCAA made new progress in serving more young people at the same cost. As a result, the typical NYSP project served about 420 youngsters in

1982, as compared with 275 in 1981. Instruction by college and high school coaches and outstanding athletes is available in more than ten sports, and participation in the lifetime sport of swimming is mandatory. The ratio of participants to staff is 20 to 1. This ratio gives participants the benefit of close personal contact with people who can serve as positive role models. A number of the instructors themselves previously were participants in the NYSP.

An extremely important part of each NYSP project is the enrichment component. Participants receive instruction in career and educational opportunities, drug and alcohol abuse prevention, and health and nutrition. The NYSP also draws upon the outstanding educational and cultural resources available on and near the campuses of participating institutions.

The program provides basic necessities otherwise beyond the reach of many NYSP participants, over 90 percent of whom live at or below the poverty level as defined by federal guidelines. Each youngster is given a free medical examination and, if necessary, follow-up. The NYSP provides free medical and dental insurance for all participants.

By teaching and reinforcing traditional values and skills, including self-discipline, teamwork and a positive attitude, and through the motivating power of sports, the NYSP aims to build the self-esteem and to promote the overall development of each participant.

The NYSP also serves as a bridge between needy youngsters living in areas of urban and rural poverty and the positive environment of nearby colleges and universities. This important role in promoting good community relations is part of the program's design philosophy. It also assists to channel in a constructive manner the energies of these young people from poor neighborhoods and to encourage them to turn away from destructive behavior patterns. The declining availability of funding for other programs aimed at problems of the poor increases the need for effective programs of this kind.

In May 1982, the Inspector General of the Department of Health and Human Services ("IG") completed a detailed and in-depth review of the NYSP, concluding that the NYSP is a successful and worthwhile program and recommending not only that the program be continued, but that it be expanded to serve even more youngsters. The IG also reported that participants, parents, community representatives and NYSP staff all view the NYSP as a valuable and important program. The report gave the NCAA high marks for its efficient administration of and service to the program, and recommended that the NCAA continue to administer the NYSP.

The NCAA voluntarily acts as the national administering body for the NYSP. In conjunction with its NYSP Committee, the NCAA has established program guidelines and objectives, which it refines in light of experience. The NCAA also screens and selects participating institutions for need and suitability.

In addition, the NCAA provides training and technical assistance to all NYSP projects on a regular basis, and annually performs a thorough, on-site evaluation of each project in which the project is measured against the stated objectives and guidelines. Projects that do not meet the carefully developed standards are culled out and replaced by others better able to do the job.

The NYSP is uniquely able to apply federal dollars directly to providing services to the program participants, with a minimum of administrative structure and expense. The NCAA contributes the services of the National Program Director of the NYSP, as well as supporting staff, and each participating institution contributes the services of a project administrator. In 1982 the NCAA made a significant additional commitment of its own funds to the NYSP -- $205,619, in comparison with $55,000 in 1981. This contribution is in addition to those made by NYSP participating institutions. Moreover, through its contacts with the higher education community, the NCAA is able to obtain the use of educational and sports facilities of the highest quality for the program. We know of no other organization capable of providing such facilities.

Because the NYSP combines federal resources with outstanding educational and athletic facilities and services provided on a voluntary basis by the NCAA and 126 colleges and universities (133 institutions in 1983) throughout the United States, it is a highly cost-effective program. The NYSP has utilized a very modest amount of federal support ($5.76 million in FY 1982) to generate a high level of private, voluntary contributions (more than $10 million in facilities, services and other resources were contributed to the 1982 NYSP).

Beginning in 1982, the NYSP faced a significant new increased cost. As a result of changes made by the Omnibus Budget Reconciliation Act to the National School Lunch Act, private, nonprofit institutions that do not operate residential summer camps no longer are eligible to receive reimbursement under the U.S.D.A. summer food services program for the meals they serve. Previously, each NYSP participant received at least one free, U.S.D.A. approved meal each day. However, because of the changes in eligibility, most, if not all, of the private nonprofit colleges and universities that participate in the NYSP no longer can obtain U.S.D.A. assistance. As a consequence, these institutions use NYSP funds to give participants a cold snack, rather than the hot, U.S.D.A. approved and subsidized meal they provided in the past. The NCAA is discussing with U.S.D.A. and OCS ways in which to resolve this problem, but it may not be possible to do so in light of the Omnibus Budget Reconciliation Act. For this reason, additional federal funding would be helpful in alleviating this new and unanticipated budgetary pressure.

The NYSP has a proven record of success and is highly regarded in the communities it serves. The NCAA and the participating colleges remain committed to the NYSP. However, the NYSP needs federal support in order to continue in its present form. The NCAA therefore urges the Committee to recommend an appropriation of $6 million for the FY 1984 National Youth Sports Program.

NATIONAL YOUTH SPORTS PROGRAM

FACT SHEET

PROGRAM CONCEPT

Over the years, the National Youth Sports Program annually has provided approximately 50,000 disadvantaged youths, ages 10-18 (10-16 beginning with 1982), a unique opportunity to benefit from resources made available by local colleges and universities. In 1982, with a $5.76 million grant from the Office of Community Services and more than $10 million in contributions from other sources, the National Collegiate Athletic Association and 126 selected institutions of higher education carried out the program's fourteenth successful year.

The NYSP is an instructional program for disadvantaged boys and girls. The program uses sports instruction and competition as a vehicle for motivating young people from poverty areas to earn and learn self-respect. The program provides participants with instruction in career and educational opportunities and exposure to the college environment. Each participant receives a free medical examination, and follow-up, if necessary. Each participant daily receives a free U.S.D.A. approved meal (at public institutions) or a free snack (at private nonprofit institutions). The aim of the NYSP is to help disadvantaged youths learn to "walk tall -- talk tall -- stand tall."

PROGRAM STATISTICS FOR 1982

Number of participants	52,737
Number of medical examinations	54,388
Percentage of participants by sex	60% boys 40% girls
Number of participating institutions	126
Number of states	39
Number of cities	116
Number of free meals provided*	474,069
Number of professional staff employed**	1,172
Number of program aides**	1,286
Number of supporting personnel**	1,067
Participant/staff ratio (approximate)	20/1
Cost covered by OCS grant	$5,760,000.00
Institutional contribution	$8,347,763.00
Other contribution (business, local and state government)***	$1,500,000.00
NCAA contribution**** (estimated)	$ 205,619.00
U.S.D.A. contribution*****	$1,432,206.36

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* Based upon information from 60 of the 126 participating institutions.

** Over 75 percent of paid program staff were residents of designated poverty target areas.

*** Estimate based upon 1981 contribution; 1982 figure is unavailable.

**** Not including value of national television promotionals.

*****Only 95 of the 126 institutions participating in the 1982 NYSP received partial or total reimbursement from U.S.D.A. Because of the lag time in U.S.D.A. reimbursement, this figure is based upon information from 60 of those 95 institutions.

PROGRAM OBJECTIVES

1. To expand opportunities for disadvantaged youth to benefit from sports skills instruction, engage in sports competition and improve their physical fitness.

2. To help young people acquire good health practices, to help them become better citizens and to acquaint them with career and educational opportunities by utilizing the personnel and facilities of institutions of higher education.

3. To enable the institutions and their personnel to participate more fully in community life and in the solution of community problems.

4. To provide a combination of employment and on-the-job training in sports instruction and administration.

5. To serve disadvantaged areas in the major metropolitan centers of the United States and other areas of need, within the limits of program resources.

PROGRAM FEATURES AND ACCOMPLISHMENTS FOR 1982

1. In summer operation, served approximately 53,000 youths. Over 90 percent of program participants met federal poverty guidelines, thus achieving major objective of serving the poor.

2. Provided a free, U.S.D.A. approved meal (at public institutions) or a cold snack (at private nonprofit institutions) daily for each participating youth. In 1982, served more than 470,000 meals.

3. Provided a free medical examination, and follow-up where appropriate, for 54,388 youths.

4. Provided disadvantaged youths an introduction to the higher education community. Boys and girls who otherwise might never have contact with a college or university were welcomed on campus, and given exposure to the benefits available. Many participants later attend college, in some instances receiving help through valuable contacts gained while in the NYSP.

5. Provided instruction in competitive and lifetime sports by college and high school coaches and outstanding athletes. Nearly 53,000 disadvantaged young people received the benefits of organized sports training, instruction and competition.

6. Provided instruction in personal health care, career and educational opportunities, and drug abuse prevention.

7. Provided medical and dental insurance for all participants in the program.

8. Mobilized over $8 million in matching contributions from participating institutions.

9. Mobilized about $1,500,000 in contributions from businesses and state and local governments.*

10. Performed all of the above at little administrative cost to the federal government. Paid less than two percent of federal funding for administrative expenses. Nearly all administrative costs were paid by the National Collegiate Athletic Association and participating institutions.

11. NYSP projects were planned and developed through NYSP local advisory committees, composed in part of leaders and members of the local poverty community.

12. Continued to evaluate and refine the program.

13. Continued pilot programs for handicapped youth.

PROGRAM STATISTICS: 1969-1982

Number of participants	570,836
Federal funding	$62,623,000.00
Non-federal contribution**	$75,359,612.00
Number of jobs created	47,906
Number of positions filled by residents of poverty target areas	33,491
NCAA contribution	$876,219.00
U.S.D.A. contribution***	$8,487,574.60

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* Although 1982 figures are unavailable, it is estimated that the 1982 contribution was the same as the 1981 contribution.

** Includes 1982 contribution from business, local and state government estimated to have been at the same level as their contribution to the 1981 NYSP.

*** Only 95 of the 126 institutions participating in the 1982 NYSP received partial or total reimbursement from U.S.D.A. Because of the lag time in U.S.D.A. reimbursement, this figure is based upon information from 60 of those 95 institutions.

STATEMENT OF WILLIAM R. HUTTON, EXECUTIVE DIRECTOR, NATIONAL COUNCIL OF SENIOR CITIZENS

Senator WEICKER. Our next witness is William R. Hutton, executive director, National Council of Senior Citizens.

Mr. HUTTON. Thank you, Senator Weicker. As you know, the national council represents over 4 million members in over 4,200 senior citizen clubs across America. We are one of the national contractors in the Older Americans Act, title V. And it's on that title V that I would like to talk briefly.

With 26 million Americans now past the age of 65, not only is the demand for services going to increase, but fundamental societal change is going to occur. It's our view that the Federal Government must recognize these facts and anticipate the changes in our society. It's our belief that this administration has not done that.

Title V is a very good case in point. Last year, just 3 weeks after the President signed into law the 3-year reauthorization of the Older Americans Act, the Office of Management and Budget submitted a zero budget to the Congress.

Notwithstanding the fact that the Congress overwhelmingly supported the program and that community leaders across the Nation wrote of their support, the administration struggled all last year to kill the program. If not for the fact that Congress finally overrode the President's veto of a supplemental appropriations bill, more than 50,000 older workers would have been thrown onto welfare rolls and hundreds of communities would have lost vitally needed services.

Again this year, the administration proposed fundamental changes to title V, even though the President vowed on the eve of last year's override vote, just a few hours before, as a matter of fact, to protect title V during his tenure as President.

Why does the administration still want to finish off title V? After all, every independent study commissioned in the last 14 years has concluded that the program is cost effective. It's well-managed. It's free of abuse. And it's very well needed.

Many of us have seen first-hand not only what this program means to participants, but how important these services are to communities. So why does the administration propose moving the program out of the very department that deals with employment? Why does the administration propose gutting the program of its two most fundamental elements—community service and employment?

The answer must be related to the other proposal made for title V, that national aging organizations which have sponsored title V programs since its inception in 1968, are to be dropped from the program at HHS.

In other words, the administration would gut an effective program and throw 50,000 workers off the job solely for political reasons. It would seem that the price we're asked to pay for disagreeing with the administration over social security cuts and other issues is the dissolution of the senior aid program.

It's interesting to examine the rationale for moving title V to HHS because this political motivation becomes very clear. For example, last year, the administration criticized the program for too little employment and training emphasis. That didn't work in killing the program. So this year, they've proposed shifting the program to the Health and Human Services Administration, ostensibly so the program can benefit from the economic development at HHS.

If there was any question before whether HHS has developed a hidden expertise for economic development, it was laid to rest with the testimony of Assistant Secretary Dorcas Hardy. Earlier this year, she explained that what HHS had in mind was to give an older worker with auto mechanic experience, for example, a grant of up to $3,000 to start up a small business.

The failure rate of small businesses, Mr. Chairman, in the present economic climate apparently didn't give HHS pause, nor did the fact that most participants under title V do not possess these kinds of skills.

As I say, more fundamental, however, is the fact that the administration still refuses to acknowledge the importance of the services to provide social services in the communities provided by title V.

Thank you very much for giving me this opportunity.

Senator WEICKER. Mr. Hutton, thank you very, very much. I appreciate it.

Mr. HUTTON. Thank you.

[The statement follows:]

STATEMENT OF WILLIAM R. HUTTON

Thank you Mr. Chairman and members of the Subcommittee for the opportunity to speak today on the Older Americans Act. I am William R. Hutton, Executive Director of the National Council of Senior Citizens, representing over four million members in over 4,200 clubs and councils across the nation.

We believe that the Older Americans Act represents the barest beginnings of a foundation for a National Aging policy. As such, it fails to address the critical housing, income and medical needs of the elderly, and it severely underfunds research, transportation, employment and nutrition efforts for older Americans among others. It does, however, attempt to bring under one piece of legislation a number of activities targeted to the elderly and establish a philosophy. That philosophy is well stated in the opening paragraphs of the Act--that the Congress finds that millions of older Americans suffer needlessly because of the lack of adequate and coordinated services. That is more true than ever, and because it is true, we need to continue to build upon and improve the Older Americans Act.

Unfortunately, while it is plain to most of us that America is greying at an increasing rate, and that it is the elderly who are most likely to suffer from economic hard times, this Administration has been singular in their attempt to heap the greatest burdens of sacrifice and suffering on the elderly. While the Administration has vocally and visibly vowed to protest the neediest--to establish a social safety net--the Office of Management and Budget has worked overtime to shred that net. Clearly, and notwithstanding the findings of this Administration, poverty has become a disease that comes with aging in America.

In contrast to the rosy findings of the Administration on Aging contained in the draft Policies and Program Direction for 1982-84, we have found that:

- The elderly suffer severe financial hardship because most pension programs are not inflation adjusted and because retirement usually means a 50 - 60 percent cut in income.

- The poverty rate for the elderly is rising dramatically again, after its decrease in the 70s. In fact, over 400,000 older persons dropped below the poverty line in 1979, the largest single increase ever recorded. Today, the poverty rate is 15.3 percent for older persons.
- Over two million older persons must rely on food stamps.
- Over eight million older persons need help with their daily activities.
- Forty percent of assisted housing is occupied by the elderly and twelve percent of the aged live in substandard housing.
- Twenty-three percent of the long-term unemployed are older workers.
- Twenty percent of the aged's income is devoted to health care.

And we recognize that with 26 million Americans now past the age of 65, not only will demand for services increase, but fundamental societal changes will occur. It is our view that these Federal government must recognize these facts and anticipate the changes in our society. And, it is our belief that this Administration has not.

Title V of the Act is a good case in point. Just three weeks after the President signed into law the three-year reauthorization of the Older Americans Act, the Office of Management and Budget submitted a zero budget to the Congress. Notwithstanding the fact that the Congress overwhelmingly supported the program and that community leaders across the nation wrote of their support, the Administration struggled all last year to kill the program. If not for the fact that the Congress finally overrode the President's veto of a supplemental appropriations bill, more than 50,000 older workers would have been thrown onto welfare lines, and hundreds of communities would have lost vitally needed services. Again this year the Administration has proposed fundamental changes to Title V, even though the President vowed on the eve of last year's override vote to protect Title V during his tenure as President.

Why does the Administration still want to finish off Title V? After all, every independent study commissioned in the last fourteen years has concluded that the program is cost-effective, well managed, free of abuse and very needed. Many of you have seen firsthand not only what this program means to participants, but how important these services are to communities. So why does the Administration propose moving the program out of the very Department that deals with employment? Why does the Administration propose gutting the program of its two most fundamental elements-community service and employment? The answer must be related to the other proposal made for Title V: That National Aging Organizations which have sponsored Title V since its inception are to be dropped from the program at HHS. In other words, the Administration would gut an effective program and throw 50,000 older workers off the job solely for political reasons. It would seem that the price we are asked to pay for disagreeing with the Administration over Social Security cuts and other issues is the dissolution of the Senior AIDES program.

It is interesting to examine the rationale for moving Title V to HHS because this political motivation becomes very clear. For example, last year the Administration criticized the program for too little employment and training emphasis. That didn't work in killing the program; so this year they propose shifting the program to the Health and Human Services Administration -- obstensibly, so the Program can benefit from the economic develoment emphasis at HHS. If there was any question before whether HHS had developed a hidden expertise for economic development, it was laid to rest with the testimony of Assistant Secretary Dorcas Hardy earlier this year. She explained that what HHS had in mind was to give an older worker with auto mechanic experience, for example, a grant of up to $3,000 dollars to start up a small business. The failure rate of small businesses in the present economic climate apparently did not give HHS pause, nor did the fact that most participants under Title V do not possess these kinds of skills. As far as economic development, apparently no one in the Administration has started a small business lately or they would doubtlessly realize that $3,000 would represent an undercapitalization almost guaranteeing the failure of the business. More fundamental, however, is the fact that the Administration still refuses to acknowledge the importance of the services being provided to communities by older workers under Title V.

These services range from home health care for the infirm to crime prevention, to educational assistance for the handicapped to employment assistance. Not to recognize that these kinds of services are needed now more than ever is to reveal either callousness or ignorance. With today's economic environment and the shrinking tax base available to most cities, these services simply would not be provided without Title V.

I ask each of you to resist the Administration's Title V proposal not only because of its arrogance, but because this politically motivated proposal is not in the best interests of the hundreds of communities served or the 52,400 older workers participating in Title V.

Title V is, however, just a good case in point. The Administration has laid their scalpel to the rest of the Older Americans Act as well. The Administration is proposing over 55 million dollars in cuts to an already anemic Older Americans Act. Evidently, the fact that the elderly have been ravaged by inflation, recession and skyrocketing medical costs have not moved the OMB. They would cut congregate meal services by 28 million dollars. And the fact that many thousands of older persons have become homebound, or confined to their beds because of advanced age or illness, also does little for the White House because they have proposed slashing home-delivered meals by over three million dollars. And while the rest of us do recognize the tremendous consequences of an older population and the need to plan for those changes, the Administration has recommended cutting 17 million dollars from Research and Training under the Older Americans Act. I don't think that it is unfair to charge that this Administration is out of touch with the challenges facing our nation.

In closing, I would like to thank this Subcommittee for your strong support for the Older Americans Act, most recently demonstrated in your support of additional funds for Title V derived from the Emergency Jobs Appropriations Bill. I can assure you that we are well underway in recruiting for that increase, and on July 1, 1983 an additional 808 older persons will join the ranks of Senior Aides. On behalf of those individuals and the other 10,000 Senior Aides presently employed and helping their towns and cities, I thank you again for your belief that America's older men and women can productively contribute to their nation.

STATEMENT OF DR. DREW HYMAN, ASSOCIATE PROFESSOR OF COMMUNITY DEVELOPMENT, PENNSYLVANIA STATE UNIVERSITY; COALITION FOR CONSUMER EDUCATION

Senator WEICKER. The next witness is Drew Hyman, associate professor of community development, Pennsylvania State University; representing the Coalition for Consumer Education.

Dr. HYMAN. Thank you, Chairman Weicker, and members of the House Subcommittee for this opportunity to testify on behalf——

Senator WEICKER. You don't want to promote me. It's a Senate subcommittee.

Dr. HYMAN. I'm sorry. [Laughter.]

Senator WEICKER. That's all right. My old colleagues over at the House, you know, they always figured that I took a step down when I came over to the U.S. Senate.

Dr. HYMAN. I apologize. I'd like to testify on behalf of the National Coalition for Consumer Education and the 50 State coalitions. The coalition is a relatively new organization. It's a nationwide organization and it exists now in all 50 States to promote the development of national, State, and local consumer education programs.

Our membership doubled in the last year and includes college and high school teachers, national, State, and local consumer affairs officials, consumer affairs professionals in business, consumer researchers, community and labor leaders, and many others interested. We are a broad-based coalition and I want to emphasize the fact that we're getting support from throughout the business, educational, labor, and educational communities.

I'd like to draw your attention to what we see as a significant national problem. We have heard a lot recently about the literacy in some of the basic skills in the Nation and I would like to draw your attention to consumer illiteracy.

Consumer education is of the utmost importance at this time when we must prepare youngsters in thousands upon thousands of school districts nationally to face challenges of a new, highly competitive, high technology economy in the years 1984 to 2000 and beyond.

Nationally, we are moving toward increasing reliance on competition in the marketplace. At the same time, our public institutions are withdrawing from the consumer health, safety, and protection regulatory role, which has become vital to our health and well-being.

That many of our citizens are ill-prepared to function in this new environment is documented by many studies. We ask you to consider a number of facts. One is a U.S. Office of Education study which indicates that one in five American adults lacks the basic consumer knowhow to function effectively in society. Almost 30 percent of people 18 to 65 years of age flunked consumer economics questions and an additional 30 percent were functional, but not proficient in such tests as reading a newspaper grocery ad.

Poor performance by American citizens on consumer literacy attests to the debilitating effects of inadequate consumer education. We must direct attention to assuring adequate and proper direction and funding for consumer education in schools throughout the United States. Just as poor performance on basic skills is unacceptable in the United States, so consumer illiteracy in their application in the marketplace is also unacceptable.

Let me give some examples of recent studies in high schools. For example, less than half of youths in a national study in the high schools could determine unit pricing. Only 1 percent of 17 year olds could even balance a checkbook. Only 10 percent of 17 year olds could correctly calculate a taxi fare. Sixty-five to 93 percent of 12th graders failed to answer the majority of questions correctly in such areas as legal concepts, recordkeeping, buying, and management.

Clearly, consumer illiteracy is a national problem which deserves your attention. We are asking for guidance and direction from the national, as well as from State and local leaders. Let me give an example of what happens with block grant funding as it is proposed under the Vocational Education Act.

Block grant funding in the Education Consolidation and Improvement Act of 1981, while it may have the intention of reducing paperwork and providing local flexibility, the effect is forcing many worthwhile programs out of existence. A recent study by the American Association of Secondary Schools found that only three SEA's—State educational agencies—indicated plans to use funds for consumer education, and only eight local education agencies.

This is what happens when we put all of our funding into block grants and worthwhile programs that do not have large traditional constituencies are left at the mercy of the traditional.

Incidentally, I understand that last week, the national EQA report indicated increases in basic skills, but decreases in the ability to apply them.

So what we're asking for is specific funding under the Vocational Education Act for consumer education and maintaining the level. There's a considerable proposed cut in the level of funding in this act. So we're asking continued funding and specific funding for consumer education.

Senator WEICKER. Thank you very much, professor. We appreciate it.

Dr. HYMAN. Thank you, Senator Weicker.

[The statement follows:]

STATEMENT OF DR. DREW HYMAN

Introduction

Thank you, Mr. Chairman and distinguished members of the Senate Appropriations Subcommittee on Labor, Health and Human Services, Education and Related Agencies for this opportunity to testify on behalf of the national Coalition for Consumer Education, and the fifty state coalitions.

Let me say at the outset that we commend your actions last year in retaining specific funding for consumer education under the Vocational Education Act. NOW IT IS OF UTMOST IMPORTANCE THAT YOU GO ON RECORD AS CONTINUING TO PROVIDE BOTH LEADERSHIP AND SUPPORT NATIONALLY FOR CONSUMER EDUCATION AS A SPECIFIC, HIGH PRIORITY ITEM. This is especially vital at this time when we must prepare youngsters in thousands of school districts throughout this country to face the challenges of the emerging highly competitive, high-tech market economy in the years 1984 to 2000 and beyond.

The Coalition for Consumer Education

I am Dr. Drew Hyman, Coordinator of the Pennsylvania Coalition for Consumer Education, and Associate Professor of Community Development at The Pennsylvania State University. I am testifying on behalf of the national Coalition. I have a strong commitment to an educational process which prepares our young people to function more effectively as consumers, and to make mature, responsible decisions as consumers and businessmen and women. The reason I am here today is to urge you to continue categorical funding for consumer and homemaking education as part of the Vocational Education Act, and to continue the budget at adequate levels.

The Coalition for Consumer Education is a nationwide organization of consumer education groups and individuals. State Coalitions now exist in all 50 states to promote the development of national, state, and local consumer education programs. Our membership doubled in the last year and includes college and high school teachers; national, state and local consumer affairs officials; consumer affairs professionals in business; consumer researchers; community and labor leaders, and many others interested in consumer education for people of all ages. The national office coordinates this nationwide network toward developing and responding to national, state and local initiatives to assure mature, responsible consumers in our communities.

The Need for Consumer Education in Our Schools

Informed and educated consumers are vital to the long-term, healthy growth of our economic system, and an effective and efficient system of commerce depends on an informed and educated public. Consumers can act in their own best interest and to the good of the nation only if they are aware and well-informed of their consumer rights and responsibilities. Every young person in our nation needs an education that provides a working knowledge of the marketplace, of its purposes and pitfalls, with the skills needed to make informed choices, and the competence to exercise his or her rights and seek remedies, redress or restitution when problems arise.

Nationally we are moving toward increasing reliance on competition and the marketplace. Our public institutions are withdrawing from the consumer health, safety and protection regulatory role which has become vital to our protections and well-being. That our citizens are ill prepared to function in such an environment has been documented by numbers of studies. We ask the Committee to consider some facts:

- A U.S. OFFICE OF EDUCATION STUDY INDICATES THAT ONE IN FIVE AMERICAN ADULTS LACKS THE BASIC CONSUMER KNOW-HOW TO FUNCTION EFFECTIVELY IN SOCIETY.[1]
- ALMOST 30 PERCENT OF THE PERSONS 18-65 YEARS OF AGE FLUNKED CONSUMER ECONOMICS QUESTIONS, AND AN ADDITIONAL 30 PERCENT WERE "FUNCTIONAL BUT NOT PROFICIENT IN SUCH TESTS AS READING A NEWSPAPER GROCERY AD."[2]
- JUST THIS JANUARY (1983) A NATIONAL LOU HARRIS POLL FOUND THAT THE OVERWHELMING MAJORITY OF AMERICANS (77 percent) FEEL THAT "THE CONSUMER MOVEMENT HAS KEPT INDUSTRY AND BUSINESS ON THEIR TOES."[3]
- SEVENTY-SIX PERCENT FEELS THAT "THE CONSUMER MOVEMENT HAS HELPED A GREAT DEAL TO IMPROVE THE QUALITY AND STANDARDS OF THE PRODUCTS AND SERVICES PEOPLE BUY."[3]

Poor performance by American citizens on consumer literacy tests attests to the debilitating effects of inadequate consumer education. We must direct attention to assuring adequate and proper direction and funding for consumer education in the schools of America.

Consumer Illiteracy in Our Schools

Our young people are being short-changed during their years at school. We fail to motivate them and fail to provide instruction in real-life problems. We give them almost no strategies for dealing with the political economy as consumers and citizens. Most schools have treated consumer education as a frill rather than as a true academic discipline. Yet nothing is more basic to the educational process or more meaningful to students' lives. The subject covers a group of skills, concepts, and understandings as essential to effective functioning in our society as either reading or math and with elements common to both of them. In addition, consumer education embodies a large variety of distinctly different skills, many of which are quite complex and require a discerning, critical mind.

Although they will spend a large part of their lives involved in consumer activities during 12 years of schooling, most students are taught very little that will help them deal effectively with the marketplace. They know little about the insurance or banking industries. They are not taught how to handle their own money or to protect their own health. And they don't know how to deal with their consumer rights--where to go to have their grievances resolved or how to get information. Worst of all, they don't even know what questions to ask. For example, recent studies of high school students demonstrate that:

- LESS THAN HALF OF THE YOUTHS COULD DETERMINE UNIT PRICING.
- ONLY 1 PERCENT OF 17-YEAR OLDS COULD BALANCE A CHECKBOOK.
- ONLY 10 PERCENT OF 17-YEAR OLDS COULD CORRECTLY CALCULATE A TAXI FARE.
- 65 PERCENT to 93 PERCENT OF 12TH GRADERS FAILED TO ANSWER 65 PERCENT OF QUESTIONS CORRECTLY IN SUCH AREAS AS LEGAL CONCEPTS, RECORDKEEPING, BUYING AND MANAGEMENT.
- A MAJORITY OF 17-YEAR OLDS DID NOT UNDERSTAND INFLATION AS IT APPLIES TO HOME OWNERSHIP.
- A MAJORITY OF 17-YEAR OLDS WOULDN'T COMPLAIN IF THE STORE DID NOT HAVE THE ADVERTISED PRODUCT.
- SOME 53 PERCENT OF 17-YEAR OLDS DID NOT UNDERSTAND WHAT THE "BETTER BUSINESS BUREAU" DOES.
- ONE-THIRD OF 17-YEAR OLDS THOUGHT RENTERS COULD DEDUCT THEIR RENT FROM INCOME TAX.
- 55 PERCENT OF 17-YEAR OLDS BELIEVE THAT RENTERS ARE COVERED UNDER A LANDLORD'S FIRE INSURANCE POLICY.[4]

Clearly consumer illiteracy is a national problem which deserves the attention of our leaders. Guidance and direction must come from national as well as state and local leaders.

Will Students Be Motivated to Take Consumer Education Courses?

Yes. Young people want their schoolwork to relate to their lives, and when it does, they pay attention and work hard. Motivation won't be a problem, because young people are interested. After all, they are already consumers. Thus their everyday experiences are relevant to the classroom--watching television, buying stereo equipment, going to a doctor or dentist, applying for after-school jobs. In the same way, leases, advertisments, warranties, labels, and choices of various types of food are all aspects of the consumer experience.

Do American Citizens Support Consumer Education in the Schools?

YES! As reported in the Sentry Insurance study conducted by the Lou Harris National Opinion Research survey of the U.S. population which found a very high level of support for consumer education in the schools:

- o 92 PERCENT OF THE U.S. PUBLIC BELIEVES THAT CONSUMER AFFAIRS SHOULD BE A COMPULSORY SUBJECT IN ALL HIGH SCHOOLS.
- o THIS OPINION IS ALSO SUPPORTED BY LEADERS IN GOVERNMENT AND BUSINESS.
- o THE REASON THIS IDEA IS SO UNIVERSALLY POPULAR IS THAT ALMOST EVERYONE AGREES THAT STUDENTS LEAVE HIGH SCHOOL ILL-PREPARED FOR THEIR ROLE AS CONSUMERS, AND THAT THE STUDY OF CONSUMER AFFAIRS WOULD HELP TO REMEDY THIS SITUATION.[5]

Does Consumer Education in the Schools Make a Difference?

YES! This question was answered in the positive by a 1979 study in Illinois, which has required consumer education at the secondary level since 1968. The Langrehr study found that students who take a course specifically designed to address consumer education improved their consumer economics competency and developed a more positive attitude toward business.[6]

ACTION TO BE TAKEN

We need to improve the quality of consumer education that is available in our schools both in traditional classroom settings and in nontraditional adult settings. Leadership for this goal should come from national levels on down. IT IS IMPERATIVE THAT FUNDING FOR CONSUMER AND HOMEMAKING PROGRAMS BE ASSURED THROUGH CATEGORICAL FUNDING UNDER THE "VOCATIONAL EDUCATION ACT."

Furthermore, the 1984 President's Budget proposes a reduction of almost one in four dollars for the overall Vocational Adult Education Appropriation. Such action will place consumer education as well as special programs for the disadvantaged, state improvement grants and other programs in jeopardy. FUNDING LEVELS MUST BE MAINTAINED FOR CONSUMER EDUCATION.

Block grant funding for relatively small or innovative programs like consumer education does not work. While the intention of such legislation is to reduce paperwork and provide for greater local flexibility in the use of federal funds, the effect is that of forcing many worthwhile programs out of existence. Let me cite as evidence the Education Consolidation and Improvement Act of 1981. This legislation provides that funding for innovative projects in consumer education which was previously available through the Office of Consumers' Education be consolidated with 27 other programs in a single block grant. The result has been disastrous, not only for consumer education funding, but also for other innovative education programs. Information is flowing in from all around the nation that block grant funding means that areas that have traditionally had the largest piece of the educational budget are able to grab more, and push out small and innovative programs needed to prepare our young citizens for competent participation in our emerging high pressure, high-tech economy.

It is difficult to believe that this experience will not be repeated in a consolidated Vocational and Adult Education Act where the overall funding is reduced from the approximately $823.7 million of the continuing resolution to the $500 million set forth in the Fiscal 1984 budget.

National Priorities and Consumer Education

Four presidents have endorsed the basic rights of consumers since they were set out by President John F. Kennedy. And in 1975, President Gerald Ford added a fifth right CONSUMER EDUCATION to the four rights of consumer information, choice, safety, and the right to have complaints satisfactorily resolved. He stated, "It is my earnest hope that consumer education will become an integral part of regular school instruction, community services and educational programs for people out of school. Only in this way can we ensure that consumers have the assistance necessary to plan and use their resources to their maximum potential and greatest personal satisfaction." And just a few weeks ago, the President of the United States, in proclaiming the week of April 24, 1983, as National Consumers Week, stated:

> "Everyone is a consumer, but too often this role is the most neglected in terms of preparation and training. In our complex market economy major decisions have to be made about living within our means; protecting our futures through insurance, pension plans, and investments; choosing goods and services from our global marketplace; and voting on issues directly affecting our public and private consumption. Because consumer and economic education can contribute immeasurably to our competence as consumers and citizens, it should be started in the schools at the earliest possible time."

Clearly, consumer education is a national need and a national priority. We urge you to take action which assures that CONSUMER EDUCATION WILL BE FUNDED SPECIFICALLY AS SUCH AND AT A LEVEL WHICH IS ADEQUATE FOR INCREASING THE LEVEL OF CONSUMER LITERACY OF OUR YOUNG PEOPLE. Much attention has been given to functional illiteracy in the areas of reading and math. Equal attention must be given to consumer illiteracy. We are a nation of consumers. Let us join together to eliminate consumer illiteracy in our schools and communities.

Summary of Actions to be Taken:

(1) RETAIN CONSUMER EDUCATION AS A SPECIFIC ITEM IN FUNDING FOR THE VOCATIONAL EDUCATION ACT.

(2) MAINTAIN, OR ENHANCE, THE CURRENT LEVEL OF FUNDING FOR CONSUMER EDUCATION.

(3) SUPPORT RESEARCH AND DEVELOPMENT TO BROADEN CONSUMER EDUCATION BEYOND HOMEMAKING AND BUYMANSHIP TO INCLUDE ALL AREAS OF CONSUMER RIGHTS, RESPONSIBILITIES, AND DECISIONMAKING.

We believe this commitment is essential to furthering the development of consumer education, and the elimination of consumer illiteracy. We appreciate your consideration of this recommendation. Thank you for your careful deliberation of this important national issue.

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4. The Teenage Consumer: A Profile, Denver, Colo.: National Assessment of Educational Progress, 1979. (DHEW report 09-CN-01)

5. "Consumerism at the Crossroads: A National Opinion Research Survey of Public Activist, Business and Regulator Attitudes Toward the Consumer Movement." Conducted for Sentry Insurance by Louis Harris and Associates, INC., and Marketing Science Institute, a Non-Profit Research Organization Associated with the Harvard Business School, (1977).

6. Langrehr, F.W. Journal of Consumer Affairs, Vol. 13 #1, (1979).

STATEMENT OF DR. GENE BOTTOMS, EXECUTIVE DIRECTOR, THE AMERICAN VOCATIONAL ASSOCIATION

Senator WEICKER. Dr. Gene Bottoms, executive director of the American Vocational Association.

Dr. BOTTOMS. Thank you, Mr. Chairman. I am Gene Bottoms, executive director of the American Vocational Association. We believe that the need today is greater than ever for quality programs of vocational education than at any time in the Nation's history and that there is a Federal role to assure that these programs are available.

I'll take just a quick look at some of the needs. We have one of the highest rates of unemployment than we've had since the Depression. Arthur D. Little reported in 1982, we spent $22 billion for automated equipment in this country and by 1992, we will spend $98 billion, which means that the skills that people are going to need in the work place are going to change dramatically.

The congressional office report indicates that 20 to 30 million people will be displaced over the next decade and a half needing new skills. The International Labor Relations Board states that over the last 10 years, the skill endowment of this Nation's work force has dropped 3 percent of the work force's skill, from 29 to 26. We now rank about seventh in the world among industrialized nations.

Harvard economist James Medoff indicates that about 60 percent of the dropoff in productivity going back to the early 1970's can be accounted for by mismatch between people and jobs.

One other fact that I'd share with you, since 1975, the best vocational graduates of this country have been competing in international skills olympics, with 14 other industrialized nations who are primarily our trading competitors. This takes place every other year and we have done well enough to come in 15th—not because our students are not as bright as theirs, but simply because our students spend one-third the time in programs than students in other parts of the world. Most nations have a 4-year intensive, 8-hour a day program in the occupational areas. We limit ours to 2 years, 2 to 3 hours a day.

We simply have never addressed the problem in this country of how you produce advanced level technically skilled workers. While we have a shortage of math and scientists in this country, we have a major shortage of advanced level technically skilled workers and there are considerable facts that point to that.

Now some would answer these problems by reducing Federal support for this field by $300 million in 1984. And the arguments they make for that is that the state and local would pick that up.

Now in 1977, for every one Federal dollar, the State and locals put up $10.40. By 1981, that had dropped to $7.80. In addition, about one-half the Federal funds are matched by only three State and local dollars. Those are Federal dollars used for program improvement, new program development, and special population groups.

You've had a decline——

Senator WEICKER. Do you have the statistics, by some chance, for 1982 and 1983 along the same lines there?

Dr. BOTTOMS. We do not have—those figures are not yet in. It will be a couple more years before they are pulled together nationally. For a select number of States, I could try to pull those figures together for you.

Senator WEICKER. I'll tell you, if you can do it for a select number of States, I'd appreciate it.

Dr. BOTTOMS. I'll make every effort to do that for you.

[The information follows:]

Documented in the testimony of May 2 (page 2), utilizing the administration's data from the National Center for Education Statistics (Vocational Education Data System - - VEDS), the fact was shown that a significant decline has occurred in federal support of national education. Specifically, the ratio of state and local dollars to federal dollars in 1980-81 has fallen to 7.8 to 1, down from a peak of 10.4 to 1 in 1977-78. Further, in 1980-81 constant dollars, non-federal dollars actually decreased by 12 percent between 1977-78 and 1980-81. And, in areas of national priorties, where federal funding is especially significant, the 1980-81 state/federal match was as follows: "Program Improvement" 2.02 to 1; "Programs for the Handicapped" 2.3 to 1; "Programs for the Disadvantaged" 2.9 to 1; and, "Limited English Proficiency" 2.8 to 1.

This dangerous decline in the national investment in vocational education over the past decade has serious implications for our econom-ic future - - especially in terms of employment, productivity and technology. These federal cutbacks have sent a signal that skill training for the labor force is not an important issue, and the result is mounting evidence of the decline in state and local expenditures for vocational programs. The administration's contention that the states and locals will "pick up" the cost of training is being proved erroneous, especially in those states hardest hit by the recession and in poorer regions. While the data is not yet in for all states for 1981-82, the evidence seems to indicate, in general, that those states in the worst economic condition are continuing to decrease their state and local expenditures for vocational education - - thus, deepening their eroding position and furthering their deficits, making it harder to come back to economic stability and growth.

In response to Senator Weiker's request, the chart on the following page uses VEDS data to compare expenditures (state/local and federal) for vocational education between 1980-81 and 1981-82. Note that these figures are unedited, and they include carry-overs and unliquidated obligations. Most importantly, these figures are not adjusted for inflation - - they do not reflect purchasing power. As requested, these are figures from selected states, taken from an incomplete set of data (ten states still have not reported for 1981-82).

Most importantly, these figures illustrate clearly the continuation of the downward trend which began in the 70's -- the weakening capacity of our vocational training system to prepare skilled people who can compete in the labor market. Without question, no state has shown increases (10% or more) that at all keep programs at the pace of double-digit inflation.

In light of these data and their startling implications for the nation's economy, the request for a $100 million increase in federal appropriations for vocational education is reasonable, at least.

COMPARISON OF EXPENDITURES FOR VOCATIONAL EDUCATION
BETWEEN 1980-81 AND 1981-82

	1981			1982					
STATE	TOTAL	NON-FEDERAL	FEDERAL	TOTAL	NON-FEDERAL	FEDERAL	[DECREASE]/INCREASE IN TOTAL	[DECREASE]/ INCREASE IN NON FEDERAL	[DECREASE] IN FEDERAL
Arizona	55,038	46,069	8,969	49,417	42,156	7,261	[5,621]	[3,913]	[1,708]
Arkansas	46,060	39,021	7,039	26,479	22,452	4,026	[19,581]	[16,569]	[3,013]
Connecticut	76,441	66,721	9,720	81,371	74,833	6,538	4,930	8,112	[3,182]
Idaho	20,371	16,965	3,406	20,829	17,998	2,831	458	1,033	[575]
Michigan	292,575	253,242	39,332	265,592	241,899	23,743	[28,983]	[11,393]	[15,589]
Nebraska	39,284	33,723	5,561	35,723	31,907	3,816	[3,561]	[1,186]	[1,745]
New Hampshire	13,904	10,067	3,837	13,335	10,034	3,302	[569]	33	[535]
North Dakota	18,732	15,995	2,737	19,919	18,180	1,739	1,187	2,185	[998]
Oregon	61,357	53,639	7,717	59,336	53,054	6,282	[2,021]	[585]	[1,435]
South Dakota	12,804	10,541	2,262	11,277	10,225	1,052	[1,527]	[316]	[1,210]
Tennessee	129,569	114,625	14,944	113,744	104,880	8,864	[15,825]	[9,745]	[6,080]
Wisconsin	332,799	305,552	27,276	212,072	196,327	15,744	[109,225]	[109,225]	[11,532]

(in millions)

Dr. BOTTOMS. The decline in Federal investment in this field did not start with this administration. There's been a downward decline since 1973. That downward decline has had its impacts. But the severe decline since 1980 has resulted, and we document this in our testimony, the number of programs that were cut last year.

As I've traveled across the country this spring holding a series of conferences on high technology, it's my indication that serious cutbacks are being made, particularly at the secondary level across the country. We've got also a kind of a disastrous form of economizing. We've got some programs that ought to be retooled and replaced. But it costs more to do that than to keep a program that's no longer needed because local school systems are tight for money in community colleges.

We have obsolete equipment in a lot of programs, as industry changes their technology. And I'm concerned with the deemphasis on vocational education at the secondary level, because, clearly, the evidence shows that secondary vocational education holds students in school and that its graduates do have an edge in the labor market.

I'm also concerned that we're not using all of our resources to serve the unemployed adult, for many school systems simply do not have the staff to add a second shift of faculty to serve adults from 4 to 10 o'clock in the evening.

We would request some increased Federal funding for this field, primarily for three broad purposes—to redirect and upgrade programs to keep them in tune with the changing requirements of the work place; to focus more on training of adults, retraining; and to increase the extra services that are needed to more effectively serve the special population groups.

Now just to make a couple of points regarding each of these. We've heard a lot about math and science. College-bound math and science is not going to help a lot of vocational students. We need applied physics, taught in the context of industrial applications. We need to expand the use of all facilities in terms of serving adults. And just one other fact. The amount of money that we get from Federal funds for disadvantaged students in vocational education is $50 per student, as contrasted to over $400 per student in the elementary and secondary legislation in the general education program.

If they're reading at the fifth grade level, it's awful hard to make that up with $50 per student.

If our appropriations remain at the 1980 level, it would take $1.53 billion. Our request would be an increase of $100 million for this field. We would like to work with you, Mr. Chairman, and members of the committee. We would be pleased to break that among the several items in the legislation and we would support that some of those funds go for the consumer dimension that's already been mentioned.

Thank you.

Senator WEICKER. Thank you very much, Gene.

Dr. BOTTOMS. And we will follow up with the information that you requested.

Senator WEICKER. Yes; it's considerably down as to what the administration is requesting, isn't it?

Dr. BOTTOMS. Yes; it's $300 million less than what is now appropriated.

Senator WEICKER. And it also seems to be at odds with other directions of the administration as far as vocational education is concerned. It seems to me that in terms of what they are seeking, defense hardware and all the rest of it, that we'd better have the people who can go ahead and perform the job.

Dr. BOTTOMS. It seems to us that the quality of the Nation's skilled work force is closely tied both to the economic goals and to defense goals. And that the quality of defense is not just in hardware, but in the quality of the people.

This has to truly be a national priority. It just does not stop at State lines. You have to have an overarching purpose.

We think that what the Federal role has to be is to modernize the programs out there in light of the changing requirements of the work place.

[The statement follows:]

STATEMENT OF DR. GENE BOTTOMS

Mr. Chairman and members of the Subcommittee, I am Gene Bottoms, Executive Director of the American Vocational Association, the professional association for the nation's vocational educators. Our organization represents a membership of approximately 50,000 teachers and administrators who are engaged daily in the effort to train our citizens for productive careers.

The needs are greater today for quality programs of vocational education than at any time in our nation's history and the role of federal funding in assuring their availability is critical. The American workplace is undergoing a major transition that is changing the very nature of work and the skills required of American workers. Let me offer just a few facts that confirm my statment:

- Unemployment is at levels not surpassed since the days of the Depression, and fully a quarter of the workers who are currently unemployed will never work again in the areas for which they were prepared because these jobs have disappeared, according to the Congressional Budget Office.
- Technology is changing the way many jobs are performed, thus altering the knowledge and skills required to those who fill them.
- Worker displacements totalling between 20 and 30 million are predicted as a result of an increased use of advanced automated technology and the loss of jobs because of foreign competition.
- The proportion of skilled workers in the labor force has fallen from 29 to 26 percent and current programs cannot meet the needs of industry for replacement for these workers.
- The U.S. productivity growth rate has lagged behind foreign competition for more than a decade. Harvard economist, James Medoff, has calculated that as much as 60 percent of the drop-off in productivity growth may be due to a "Labor Market Imbalance"--a misfit of people to jobs.

Yet the Administration would answer all of these problems by cutting federal funding for vocational education in half and eventually turning all responsibility for vocational education over to the states, local communities and private employers. This proposal stems from some basic misinformation about vocational education funding and a failure to understand the role that federal support has played and must continue to play in addressing national employment priorities.

There are serious fallacies in this reasoning. The most recent data from the National Center for Education shows that the ratio of state and local dollars to federal dollars in 1980-81 had fallen to 7.8 to 1, down from a peak of 10.4 to 1 in 1977-78. In 1980-81 constant dollars, non-federal dollars actually decreased by 12 percent between 1977-78 and 1980-81.

When we look more specifically at areas of national priorities, federal funding is much more significant. In 1980-81, the state/federal match is as follows: "Program Improvement", 2.02 to 1; "Special Programs for the Disadvantaged", .48 to 1; "Programs for the Handicapped", 2.3 to 1; "Programs for the Disadvantaged", 2.9 to 1, and "Limited English Proficiency", 2.8 to 1.

These figures clearly show that federal funding is essential to achieve critical national priorities.

Overall, the decline in the national investment in vocational education over the past decade has been significant. The chart on the following page shows that federal funding per student has dropped from $81 in 1972 to $45 in 1980 in constant 1980 dollars while the state and local investment also dropped from $384 per student to $374 per student for an overall drop of $46 per student.

This decline in support has serious implications for our nation's ability to maintain its skills endowment, the quality of the programs offered and the number of students who can be served. Let us look at what some of the results have already been:

- Information reported to us from 20 states in 1982 showed that they had been forced to turn away almost 300,00 students, had cut almost 3,500 teachers and 1,000 administrative positions and had eliminated approximately 2,000 courses.

- There has been a disasterous form of economizing by many institutions. Rather than cutting programs that are out-of-date and beginning new ones more in tune with current labor market demands, they have maintained old ones that are no longer needed because this costs less.
- Programs can not be kept up-to-date. An AVA survey of a representative sample of vocational institutions conducted in 1981 showed that new technology advances had been incorporated into only about three percent of the programs, a significant portion of the equipment being used was obsolete and at current funding levels less than ten percent of the obsolete equipment could be replaced in any one year.
- The declining federal emphasis has sent a signal to states that they should de-emphasize secondary vocational education. Yet data shows that secondary vocational education is an important alternative for many students. A recent study of New York City secondary students showed that any kind of occupational program seems to increase retention rates. A study conducted by the National Center for Research in Vocational Education also found that participation in vocational education programs helped prevent drop-outs.
- The needs of unemployed workers are not being met. Vocational education can play a significant role in addressing the massive adult retraining needs of our nation. However, to do so, it will require an increase of federal funds directed toward this goal.

Federal appropriations for vocational education can help to reverse these dangerous trends. Our funding recommendations for FY84 are designed to achieve this goal.

PURPOSES OF NEW FEDERAL FUNDING

Increased federal funding for vocational education is needed to achieve three purposes as follows:

- Redirect and upgrade programs to keep them in tune with the changing requirements of the workplace and advancing technology.
- Respond more effectively to the massive demand for adult retraining.
- Provide the required extra services for special populations.

Let us explain in more detail how the extra funding directed toward these purposes would be used.

Redirecting and upgrading programs--Beginning new programs in tune with changing workplace demands inexpensive, and often the resources for this purpose just are not available. If vocational education is to fulfill its responsibility to students and to employers, it will require funds to purchase new equipment, develop instructional materials and upgrade the skills of teachers.

Virtually no vocational education programs are adequately keeping pace with technological advances at present. The 1981 AVA survey found that the percentage of out-of-date tools and equipment, based on dollar value, ranged from a high of 30.4 percent for trade and industrial education programs to a low of 20.5 percent in consumer and homemaking education. Further, an average of $375,000-$376,000 per school district would be required to bring equipment in trade and industrial and technical areas up-to-date, according to estimates from survey respondents.

Local agencies and institutions all over the nation need to develop new programs in emerging technologies and replace some programs with others that prepare students in areas where employment opportunities are greater.

An intensified commitment from the federal government to upgrading and improving our vocational education capacity is imperative. The nation's vocational education enterprise is heavily dependent upon federal funds to initiate new programs. According to data from the Vocational Education Data Survey cited earlier, the federal government provided more than a third of the funding for program improvement, over half of the funding for Special Programs for the Disadvantaged, almost a third of the funding for Programs for Handicapped Students and a quarter of the funding for Programs for Disadvantaged Students.

From these figures it is clear that without federal funds, the situation concerning these essential elements of an up-to-date, in-tune vocational education program would be even more critical than it currently is.

Meeting adult retraining needs--Our nation currently does not have an adequate means of conducting the enormous amount of upgrading and retraining required to assist adult workers in keeping up with technological change and in preparing for new jobs necessitated by displacements.

Private industry cannot do the job alone. In fact, the idea that extensive training is being conducted by industry is largely a myth, according to Harvard University economist James L. Medoff. He reports, in an National Institute of Education funded study, that only 4.5 percent of employees 17 years or older receive organization-sponsored training each year and the gross average amount of training per employee is only 10 hours. Small businesses are almost entirely dependent on the vocational education programs to prepare and retrain their workers.

With adequate resources, existing vocational education institutions could place adults requiring retraining or upgrading in open slots of high demand programs, expand their hours to offer programs for adults in the evening, go into businesses and industries to provide training on site and develop a multiplicity of other approaches adaptable to the specific needs of a given business or industry.

Vocational education programs are already involved in such efforts, and many exemplary programs exist. But there is a problem. At present most of the programs are extemely limited in terms of the number of individuals they can serve because of a shortage of funds to cover the costs. The tab for such programs is high. The cost of training the unemployed for a specific job with a specific firm runs about $800 per person. The cost to enroll a participant in open slots of existing programs is approximately $1,000 per participant. The cost to enroll participants in programs offered during the second shift is approximately double that amount because of the dollars required to employ additional instructors. If the programs are in high technology areas, the costs will run considerably higher because of the need to obtain equipment. Federal funds must be committed to assist vocational education in fulfilling these critical needs.

Addressing the needs of special populations--Our national approach to providing educational access for members of special population groups must be based on the same standards of excellence that we set for all other components of the educational enterprise. Equity cannot be achieved without this commitment to excellence. To achieve this goal, we must be able to cover the costs of the supplemental services required. Federal funding is essential in providing this extra support, as the statistics quoted earlier show.

But this figure does not tell the full story. Vocational education programs are by no means reaching as many members of special population groups as require assistance. And, the level of funding per special population student enrolled in vocational education is far less than the level of federal support provided for such students who are enrolled in other programs. In 1980-81, the level of support was $50 per student for disadvantaged program participants and $150 per student for handicapped program participants. Yet, through other federal legislation, federal dollars for the disadvantaged exceeded $400 per student while federal dollars for the handicapped were close to $300 per student. This imbalance should be addressed through a more adequate level of funding in FY84.

SPECIFIC FUNDING REQUESTS

To purchase the same level of vocational education programs that we had in 1980 with adjustments for inflation, we would require an appropriation of $1,053,097,761, However, in light of the serious economic concerns facing our nation, we are asking support for an appropriation of $823.7 million, an increase of $100 million above the FY83 funding level. We believe that such a request is reasonable in light of the needs we have cited that federal support can address. We urge your support of this request.

EXPENDITURES FOR VOCATIONAL EDUCATION BY SOURCE OF FUNDS
IN CONSTANT 1980 DOLLARS, AND PERSTUDENT EXPENDITURES:
FISCAL YEARS 1972 - 1980

Year	Enrollmt.	State/ Local	Per Student	Federal	Per Student	Total	Per Student
1972	11.6	4,450,910	384	945,108	81	5,396,018	465
1973	12.1	4,727,498	391	893,870	74	5,621,368	465
1974	13.6	4,946,659	364	780,953	57	5,727,612	421
1975	15.3	5,454,771	357	835,306	55	6,290,077	412
1976	15.1	6,142,949	407	800,150	53	6,943,099	460
1977	16.1	6,107,515	379	735,849	46	6,843,364	425
1978	16.8	6,524,945	388	629,373	37	7,154,318	425
1979	18.2	6,676,987	367	732,488	40	7,409,475	407
1980	16.5	6,168,609	374	745,481	45	6,914,090	419

Source: **Washington D.C.: National Center for Educational Statistics.**

STATEMENT OF EARLE K. ANGSTADT, JR., PRESIDENT-ELECT, AMERICAN HOME SEWING ASSOCIATION

Senator WEICKER. Earle Angstadt, president-elect of the American Home Sewing Association.

Mr. ANGSTADT. Mr. Chairman, my name is Earle Angstadt. I am president of McCall Pattern Co. and president-elect of the American Home Sewing Association.

Thank you very much for the opportunity to appear here today.

I would like to submit a prepared statement for the record and now summarize briefly its highlights.

The continuation of Federal funding support of the consumer and homemaking education grant is important to all factions of the sewing industry. If consumer and homemaking education, as one of the smaller items in the vocational education appropriation, loses its identity in the budget process, there is deep concern that it will disappear entirely as a program which has meant so much to past and present generations of Americans.

Before going on, I would like to identify my constituency and share with you briefly the reasons for our concern. I am appearing here today in behalf of over 500 companies who are members of the American Home Sewing Association which, incidentally, is the only organization which represents the home sewing industry. Our member companies include fiber producers, such as Dupont and Eastman Kodell, fabric producers such as Burlington and Dan River, notions companies such as Coats and Clark, Talon American, sewing machine companies like Singer and Viking, and of course, pattern companies such as my company, the McCall Pattern Co., and others.

The best estimates are that the sewing industry contributes about $3½ billion annually to our gross national product. This business is done primarily through 20,000 retail stores and it's directed to 40 million consumers.

In addition to this market created by people who sew at home, there are also hundreds of thousands of Americans who owe their jobs in fashion, the garment district, textile design, dressmaking, patternmaking, to the fact that they have learned to sew in secondary schools or in adult education or in vocational education programs.

So we have three important, economically important, groups of people whose lives have been directly affected by programs that fund sewing instruction. First, millions of women sew at home to provide clothes for themselves and their families at prices substantially below what they would have to pay for ready-to-wear. Second, the thousands of people in manufacturing, wholesaling and retailing who supply that market. And third, hundreds of thousands of people whose careers in fashion, in the garment industry, and other fields require training in sewing as a prerequisite for jobs or career development.

If consumer homemaking and education is not maintained as a line item in the budget and if clothing and textiles no longer remain a priority area, the specific financial support for this acquired skill will be hostage to local whim and parochial interest.

Today, the amount of sewing instruction given in secondary schools is half of what it was 10 years ago because community concern about consumerism, single parenting, alcohol abuse, and other legitimate concerns have pushed aside sewing instruction in home economics classes.

As a result, vocational and adult education funding have become the last bastion of support for training people to sew. To withdraw this support by failing to maintain the integrity of consumer and homemaking as a specific line item could have a calamitous impact on tens of thousands of homes, careers, and job opportunities.

For these reasons, the 500 member companies of the American Home Sewing Association urge that, No. 1, the line item of consumer homemaking education be preserved. Two, the direction and program priorities encompassed in subpart 5 of the Vocational Education Act, and specifically, section 150–B, which provides for grants to States in several categories, including clothing and textiles, be preserved. And three, a $43,500,000 funding level be appropriated for 1984 for consumer and homemaking education, which is an $11,900,000 increase over the fiscal 1983 funding level.

This is the amount necessary to adequately accomplish the goals of the Vocational Education Act and is supported by the American Vocational Association, the American Home Economics Association, and, of course, by the American Home Sewing Association.

Thank you very much for the opportunity to appear here today.

Senator WEICKER. Do you oppose the block grant concept of the administration?

Mr. ANGSTADT. Yes, sir. We are terribly concerned that under the block grant, and the current bill proposed by the administration reflects this, that there is no specificity in terms of the line item supporting consumer and homemaking and there is no preferred area for clothing and textiles.

Senator WEICKER. We appreciate your testimony and I'll certainly take it to heart. Probably your greatest advocate is my mother-in-law, who made her living as a seamstress and is very proud of it and, I might add, can sew circles around anybody I've ever seen in my life.

I'm sure that she'll have a few words on this subject if it's zero-funded.

Thank you very much.

Mr. ANGSTADT. I'm delighted to hear that. Thank you, Senator.

[The statement follows:]

STATEMENT OF EARLE K. ANGSTADT, JR.

Mr. Chairman, Members of the Committee, I am Earle Angstadt, President of the McCall Pattern Company, and President-Elect of the American Home Sewing Association. I am appearing before you today on behalf of the over 500 corporate and retail members of the American Home Sewing Association. The Association is the only organization which represents the entire home sewing industry in the U.S., including such areas as fabrics, fibers, patterns, notions, trimmings, sewing machine manufacturing, retailing, wholesaling and publishing. Today the sewing industry generates over $3.5 billion in sales annually through 20,000 retail stores serving over 40 million home sewing consumers. All of this business and all of these people -- manufacturers, wholesalers, retailers and consumers -- are the beneficiaries of programs that have given millions of Americans sewing skills which in turn have opened for them job opportunities or at the very least have enhanced the quality of their family life.

For fiscal year 1984, the President is proposing to consolidate all the programs under the Vocational Education Act, as well as those under the Adult Education Act, into a block grant, ignoring specific line-item program requirements.

The continuation of federal funding support of the consumer homemaking education grant program is of great concern to our constituency. If consumer homemaking education as one of the smaller items in Vocational Education Appropriations loses its identity in the budget process, there is real concern that it will disappear entirely as a program which has meant so much to generations of Americans. It is to this specific concern that I will address my remarks today.

Vocational and adult education have for years provided millions of Americans with the skills, education and incentives to secure meaningful employment, provide for the basic necessities of life and enhance the quality of their lives.

While clothing and textiles represent a modest portion of the consumer homemaking education program, clothing is a basic necessity of life and so sewing and clothing-related programs take on an economic importance to our society that far exceeds other desirable but less fundamental programs. Sewing skills enable people to lower their expenses for clothing and to obtain income through utilization of their sewing skills by performing part or full-time sewing related work. People do not need extensive facilites or equipment to make clothes. Since sewing is a learned skill, however, people need to be taught the basic skills necessary to transfer design concepts and fabric into useful products either for their own use or for sale to others. Given the state of today's economy, the importance of providing programs that will serve the special clothing needs of targeted population groups through vocational education is critical.

A good illustration of the importance clothing and textiles can contribute to vocational education may be found in the March 30, 1982 hearing record of the House Subcommittee on Elementary, Secondary and Vocational Education. Mrs. Ida Ballard, Supervisor of Vocational Home Economics for the Mississippi State Department of Education, told the Subcommittee of a family in a poverty stricken area whose 3 children had not been to school for over a year. A consumer and homemaker vocational education teacher asked the mother why her children were not in school and the mother answered that it was because her children did not have any clothes to wear. After that, the mother was enrolled in the local consumer and homemaking voc-ed program and clothes for the children were secured. The teacher then made sure that the mother knew how to sew clothes for her children. As a result, the children re-entered school and stayed in school. This single, simple story illustrates not only the importance of consumer homemaking education within the context of vocational education, but underlines the present need for clothing and textiles to remain, a specified, key part of this program in the present Congressional reauthorization process.

We urge that this year the consumer and homemaking education line item contained in Subpart 5, Section 150, of the Vocational Education Act, be retained and strengthened by the Congress in reauthorization and appropriation legislation. Moreover, the American Home Sewing Association is concerned that the Congress may remove "clothing and textiles" from its present status in the Act as a priority area.

There is a more important reason today for clothing and textiles to remain a priority area since access to learning basic sewing skills is more restricted today than in years past. Sewing as a skill has been traditionally taught in home economics classes in secondary schools. During the past 10 years less emphasis has been placed on learning this basic skill in order to provide classroom time to address other social needs such as single parenting and consumerism.

In 1979 our Association retained a professional marketing firm in the education field called Master Teacher Inc., of Manhattan, Kansas, to make an assessment of sewing education in secondary schools. By mail that firm polled 1500 home economics teachers, 750 school administrators, and 750 guidance counselors, chosen randomly from among 18,300 junior and senior high schools with home economics programs. The results showed a clear decline in the teaching of sewing in the public schools as parental pressure grew to provide other programs in the consumer homemaking context. An average of only 44% of all schools surveyed have 50% or more of their students participating in sewing classes which means that only one-half of the students in less than one-half of the schools are learning basic sewing skills. Thus, there is an increasing need to maintain funding for the consumer homemaking education grant program to compensate in part for the reduction of this key area of homemaking education, basic sewing skills.

The sewing industry has been making efforts to provide adult educational programs. The Association maintains a close relationship with vocational education personnel around the country on grant programs in the clothing and sewing instructional area. Our Association's Teacher's Service Division provides a communications network with over 40,000 home economics teachers throughout the country and many of our corporate members maintain extensive in-house education departments which are active in consumer homemaking programs.

For example, one of our corporate members, the Viking Sewing Machine Company, worked with a state education department, under the consumer homemaking education program, to provide a mobile sewing classroom for handicapped and disadvantaged persons. There are other examples of cooperation between the sewing industry and the federal-state vocational education, consumer homemaking education programs to meet the needs of the young, old, male, female, poor, minority, and other groups in society. In addition, the industry is making a concerted effort to assist teachers in the enhancement of their teaching skills.

Last year on November 6, the industry conducted a 5 1/2 hour teleconference beamed simultaneously by satellite to 31 cities to an audience of 6000 home economic teachers. Its purpose was to impart information about new products, new sewing and teaching techniques, new ideas as to how courses in sewing and textiles could strengthen the quality of life and enhance the earning capacity of students.

Although the industry is devoting money and solid effort to the sustenance and expansion of sewing skills, the decision to eliminate the specific mention of consumer homemaking in the budget would be most harmful to our efforts. In the legislative process, we urge that every effort be made to provide grants to states which shall be used to extend, expand, and improve consumer homemaking education. The Congress of the United States should set the priorities and goals in the new Voc-ed Act to reflect the realistic needs of our citizens and intelligent use of the taxpayers' dollars. Social, economic, and cultural needs have been addressed by consumer and homemaking programs since the adoption of the Smith-Hughes Act of 1917. We submit there must continue to be a central core of subjects in consumer homemaking education that includes the clothing and textile area. Surely this education commitment has met the test of time.

I concur in the President's strong desire to return as many federal programs as possible over to the States for their control and implementation. New federalism is a worthwhile and high ideal. I do believe, however, that in the area of vocational and adult education, federal funds should continue to be specified for programs so fundamental to the public good as clothing construction thereby not making their continuation hostage to alternate programs of a temporary or less basic nature.

If adequate funds are provided to these grant programs, a greater portion of the population will benefit from the courses targeted. Numerous careers in fashion, retail merchandising, fashion design, interior design, pattern making, sewing machine repair and textile design; as well as tens of thousands of vocations in the garment industry are based on sewing skills. If we are to hold true to the goal of lowering unemployment, then we must continue to provide people with opportunities to learn skills that allow them to obtain jobs, earn extra income, and make their own clothing--a basic necessity of life.

In summary, the American Home Sewing Association urges that:

1. The line item for consumer homemaking education be preserved;
2. The direction and program priorities encompassed in Subpart 5 of the Vocational Education Act, and specifically Section 150 (b) which provides for grants to States in several categories including "clothing and textiles", be preserved; and
3. A $43.5 million funding level be established for consumer and homemaking education, an $11.9 million increase in the FY 1983 funding level. This is the amount necessary to adequately accomplish the goals of the Voc-ed Act and is supported by the American Vocational Association and the American Home Economics Association.

STATEMENT OF DR. ROBERT E. TAYLOR, EXECUTIVE DIRECTOR, NATIONAL CENTER FOR RESEARCH IN VOCATIONAL EDUCATION

Senator WEICKER. The next witness is Mr. Robert Taylor, executive director, National Center for Research in Vocational Education.

Mr. TAYLOR. Good morning, Senator Weicker. I appreciate this opportunity to report to you on programs of national significance, which, as you know, is by and large that portion of the vocational amendments that deal with improving programs nationally, providing the kind of data bases that are needed to evaluate, as well as to plan with respect to the labor market.

During my comments this morning, I will try to highlight some of the activities of the National Center for Research in Vocational Education. That is the most comprehensive dimension of program improvement in that category.

Programs of national significance, in my judgment, provide a unique leverage for improving, strengthening, and extending vocational education across the Nation and are most appropriate strategy for fulfilling congressional intent and the Federal role. These programs influence not only the Federal dollars that are appropriated for vocational education, but they also impact on the 7.8 State and local dollars that overmatch each of the Federal dollars.

The key point that I hope to make this morning is that vocational research and development, information services, and associated training are making a difference with respect to program quality, labor market relevance, and equity, and that we have in place the elements of a nationwide program improvement capacity that is responsive to both national priorities and local needs.

In terms of highlighting the center's activities during the past year, I would just like to point out that we developed and released 174 reports on a variety of research and development topics, things relating to the role and functioning of vocational education and economic development, its role with respect to national defense, guidelines for the development of programs in high technology, trying to more closely link our program planning, operations and evaluation to business, industry and labor, and guidelines for evaluating and planning vocational education. Substantial effort was also devoted to populations with special needs.

As a research and development agency, we also have a very high commitment to seeing that the outcome of research and development is used. And through our national academy, we conducted 112 conferences last year, held them in 32 different States and attracted over 4,500 State and local vocational education leaders. These programs were designed to accelerate the use and output of the research and development enterprise and an attempt to reduce unnecessary duplication.

We have an 800—toll-free—telephone line and receive about 50,000 information requests a year from local teachers, board members, superintendents, local directors, and others with respect to various aspects of vocational education.

In our research and development activities for this particular year, we are continuing to work on reinforcing basic skills, retraining of adults, trying to improve the technological competence of vocational instructors, and also dealing with applications of high technology.

Our leadership development activities I have pointed out to you. But one other dimension is that we run an in-resident program. Last year, 43 State leaders came for a month to study at the national center and utilize its staff, its resources and to work on particular problems and activities.

With respect to information for national planning and policy, we have in place the most comprehensive set of longitudinal data on vocational students in the United States. We are finding that students who concentrate on vocational education, take a series of courses, have a much higher placement rate, enjoy a $1,500 to $2,000 labor market advantage in annual income. Males are three times as likely to be self-employed as their nonvocational graduates. And vocational education is also contributing to retention in school.

Our evaluation activities have been designed to increase the capacity of the vocational education enterprise to be self-correcting to take into account placement and program performance data to improve and redirect its activities. And our information services are designed to provide the latest research and development that have been performed anywhere in the United States, making it available to a national network that includes the regional curriculum centers, the State research coordination units, State liaison representatives and others, toward the end that R&D products are more rapidly available and that unnecessary duplication is avoided.

I might also point out that the products of research and development in vocational education are becoming increasingly used in other delivery systems—CETA, proprietary schools, business, and industry itself.

My message today is to urge that you establish the appropriation level for programs of national significance at $10 million and indicate a budget for the national center of at least $5,500,000. And to remind you that last year, the State directors of vocational education recommended that and indicated a willingness to give up $1 million of their own funds in the basic State grant to assure that and their attitude on that has not changed.

Thank you.

Senator WEICKER. Thank you very much, Mr. Taylor. I appreciate your testimony.

[The statement follows:]

STATEMENT OF DR. ROBERT E. TAYLOR

INTRODUCTION

Thank you, Chairman Weicker and members of this Subcommittee, for providing us with this opportunity to update you on vocational education program improvement, and to report on our stewardship and continuing need for public funds. We appreciate your continued support of our efforts to advance the quality and responsiveness of vocational education programs throughout the nation.

I am here on behalf of Programs of National Significance, funded under a 5% set-aside. The major components of this setaside are: (1) The National Center for Research in Vocational Education, (2) The National and State Occupational Information Coordinating Committees, (3) the training and development programs for vocational education personnel, and (4) other efforts funded under the Secretary's Contracts and Grants. I will be concentrating on the National Center for Research in Vocational Education, mandated by the Congress.

It is my judgment that the rationale which necessitated and justified the initial categorical support for vocational education at the federal level is as sound and as critical today as it has been at any point in the United States' history. Vocational education is a decentralized enterprise which has repeatedly proven that it can be responsive to both local and national priorities. It is accessible to most of our population and employers and possesses a high commitment to preparing and upgrading a skilled workforce. The need for a continuing Federal role in the area of program improvement has substantially increased, if we are to achieve our national goal of revitalizing the economy.

Programs of National Significance provide unique leverage for improving, strengthening and extending vocational education across the nation. Such programs represent the most appropriate and effective strategy for fulfilling Congressional intent, assuring program improvement, and providing improved data for policy and operational decisions for vocational education. Not only do these programs influence the character and quality of federal investments, but they also impact upon the $7.8 state and local dollars which over match each federal dollar. Programs of National Significance are cost effective since they eliminate duplicate costs and accelerate program improvement by providing essential research, development, training, planning information, and evaluation activities that are relevant and useful to large numbers of states and localities.

The key point that I hope to convey to you today is that vocational education R&D activities are making a difference in program quality, relevance and equity, and that we have in place a nationwide program improvement capacity that is responsive to both national priorities and local needs.

THE ROLES AND FUNCTIONS OF THE NATIONAL CENTER FOR RESEARCH IN VOCATIONAL EDUCATION

The National Center is the most comprehensive program improvement effort mandated under Programs of National Significance in the Vocational Education Amendments of 1976. The role of the National Center is to address problems of national significance and to help build a nationwide program improvement capacity for assuring quality, relevance, and equity in programs of vocational education. The rationale for the National Center grows out of the recognition that there are nationally significant problems that require sustained and comprehensive inquiry. This rationale recognizes the several benefits, including cost effectiveness and a full-time multidisciplinary staff, of a critical mass of resources. The National Center, now in its sixth year of operation, fulfills its role by carrying out six functions that the Congress specified in the legislation. I will be reporting on some of the major efforts under each of these functions in my testimony today.

The National Center's Outreach Program

It is difficult, if not impossible, to fully characterize the major accomplishments of a comprehensive national research and development center that carries out six interdependent functions that call for interfacing with other elements of the scientific community, other employment and training systems, and the nationwide vocational education infrastructure.

Last year, the National Center developed and released 174 reports to the public on such topics as the role of vocational education in economic development and national defense; guidelines for the development of high technology occupational programs; strategies for increasing coordination with business, industry, and labor; increased responsiveness to populations with special needs which include the handicapped and nontraditional students, and evaluation of and planning for vocational education programs in corrections. We promoted the dissemination and use of numerous other exemplary research, development, and curriculum products funded through state program improvement, under our leadership training and dissemination and utilization functions. We have worked with vocational educators in every state in the nation and in many local communities to advance the quality of vocational education programs; to increase responsiveness to both the labor market and the individual, and to build and improve the vocational education system's capacity for program improvement. The National Center's activities represent a fine balance of research and service. Staff members have provided a broad range of assistance to the public during this past year, and we have numerous outreach mechanisms that I would like to review for you briefly.

- We have conducted 112 national conferences and workshops, in 32 states, for 4,510 state and local educators from all states and territories, on nationally significant issues and problems.
- In conducting our R&D activities, the National Center utilized 66 field sites in 29 states, territories. Through these efforts, we have worked with 1,409 state and local leaders to seek their inputs to our vocational education R&D efforts.
- We have fulfilled over 48,828 requests for information and products from a variety of individuals with varying roles and responsibilities located in both the public and private sector.

Selected Efforts Under the Mandated Functions of the National Center

Following are some selected activities in each of the functions for which the National Center is responsible. Many of these lines of inquiry are on-going and will continue to yield new insights and information of value to both practitioners and policy makers.

Applied Research and Development

The National Center remains committed to improving the responsiveness of vocational education through conducting applied research and development on such topics as maintaining currency of occupational programs, reinforcing basic skills, upgrading and retraining of adults and meeting the needs of special populations. In the area of upgrading programs, we have developed specific procedures and strategies for postsecondary institutions to assess, plan, and implement technologically relevant and cost-effective programs responsive to local needs. We have developed criteria to evaluate the cost-effectiveness, complexity and locus of administrative control of the various approaches being used for the provision of technological teacher update. Finally, we have assessed the current and potential use of microcomputers in vocational education and formulated recommendations focusing where they can have the most valuable impact.

In the area of economic development, we have developed strategies for community and technical colleges to use in improving their programs of economic development and their responses to emerging national defense needs through the training, upgrading and retraining of adults. Additionally, we just completed a study to determine how state and local vocational educators have responded in the past to shortages of skilled craftsworkers and technicians, to formulate recommendations for improving vocational education's responsiveness in the future.

In the area of basic skills, we have examined the extent to which there is a linkage between vocational education participation and basic skill development. We have completed (1) a focused analysis of 31 major studies reporting vocational education student basic skill achievement and (2) designed a data set with longitudinal and cross-sectional achievement scores of students in vocational and nonvocational programs to test the hypothesis that patterns of participation in vocational education programs are linked to basic skill development.

To improve vocational education's responsiveness to populations with special needs, our program of educational equity has produced many products and services to assist practitioners in working with special needs persons. We recently released a guide for vocational education administrators to assist them in becoming more aware of the needs of special groups and to provide various strategies for improving the responsiveness of the vocational education enterprise. Additionally, we have several practitioner guides that offer guidelines and procedures for working with the handicapped, the economically and socially disadvantaged and the nontraditional student.

Leadership Development

The leadership development activities of the National Center are carried out through two subunits: the National Academy for Vocational Education and the Advanced Study Center. The National Academy for Vocational Education is responsible for conducting not only institute programs such as national seminars and workshops, but also in-residence programs to provide intensive, on-site training for vocational education leaders. The Advanced Study Center provides opportunities for scholars and other leaders to pursue full time advanced inquiry in vocational education and related disciplines.

Forty-three persons from different states have come at their own expense to participate in the National Academy's In-residence Program. The average length of stay for this open-entry, open-exit program was just over one month. One example of an improvement that has occurred throughout the country as a result of the In-residence Program is that through the mechanisms of the newly established Area Planning Councils in Iowa, a school-to-work transition model for rural students, developed by an In-resident at the National Center, will be utilized by 445 school districts. As I reported to you earlier (on page 3), the National Academy also conducts conferences on problems of national significance for vocational educators around the country.

Last year the National Center selected and supported four Advanced Study Center Fellows who came from two univerities, a state department of vocational education, and a community college. The new knowledge, concepts, and ideas which the Fellows generated while at the National Center have not only benefited staff, but have also contributed to the intellectual capital of the entire vocational education enterprise. One of last year's Fellows developed a major new concept in the role of vocational education in productivity, which was later introduced in a workshop co-sponsored by the American Society of Trainers and Developers and the American Association of Community and Junior Colleges.

Information for National Planning and Policy

The major focus of efforts in this function has been the outcomes, or effects, of participation in public vocational education. Over the past three years we have established the largest and most significant longitudinal data base ever assembled on vocational education--the New Youth Cohort of the National Longitudinal Surveys (NLS-New Youth). Our analyses have yielded the most detailed description of the short-term outcomes of vocational education yet available. As the young people in this study mature, we will be able to assess the longer-term outcomes.

The Effects of Participating in Vocational Education. In examining the effects of participating in secondary vocational education we found that approximately 78% of high school graduates have taken at least one vocational course. Of this 78%, two distinct types of students emerged: (1) 39% were limited participators (less than three credits); (2) 39% were concentrated participators (three or more credits). The remaining 22% took no vocational courses.

In regard to their participation in the labor force, 83% of the concentrated participators (39%) were in the labor force, while only 75% of the limited participators (39%) were in the labor force. Of those who took no vocational courses, 68% were in the labor force.

In regard to earnings, male concentrators earned between $1,000 and $2,000 more in annual income than all other participators and nonparticipators. Women concentrators earned between $500 and $1,500 more in annual income than all other nonparticipators.

In regard to training related placement, 46% of the concentrated participators were in training related placements, while 19% of the limited participators were in training related placements.

Perceptions of Vocational Education. We have conducted four national surveys on the perceptions of employers, legislators, and the general public on vocational education. Some highlights of these combined surveys follow.

1. The legislators see vocational education as doing an "above average" job.
2. Over 50% of the employers indicated that their company benefited from vocational education. Almost 40% felt that vocational education lowered their company's training costs, and 60% said vocational education graduates need less training than other new employees in similar positions.
3. Most employers (85%) prefer hiring vocational graduates rather than non-vocational graduates (all else being equal) for a job requiring less than a four-year college degree.
4. Three-fourths of the employers preferred the combination of employability and specific job skills training, rather than a program focusing on one option alone. Eighty-six percent of the general public believes it is very important for the secondary student to learn occupational skills. Over three-fourths of the public (77%) think the schools should emphasize career preparation.

5. To improve vocational education, employers emphasized: teach the basics (reading, writing, and arithmetic), provide work experience for students at the postsecondary level, and ensure that noncollege bound students have access to vocational education. The legislators thought that the areas needing the greatest improvement were involving employers in curriculum development and in the evaluation of vocational education.

Evaluation Activities

The evaluation function has been to work in the area of utilizing improved evaluation methodology for planning, operating and assessing vocational education programs. One of our major accomplishments in this area division has been the development of a series of fifteen handbooks designed to provide practical advice to personnel in state and local education agencies who are charged with evaluation responsibilities. These handbooks focus on such evaluation requirements as (1) follow-up studies of former vocational education students, including populations with special needs; (2) key outcomes of vocational education; (3) evaluation guidelines for state advisory councils; and (4) evaluating vocational education programs in corrections.

Another major area of research has been to determine the proportion of time vocational students spend on various learning tasks. After observing more than 11,000 minutes of secondary vocational classes we found that only 56% of a student's time is engaged in learning oriented tasks. This year we are using this data to improve instructional and evaluational methodology to increase engaged time on occupational employability and basic skill development in vocational education.

Clearinghouse Services

The purpose of the National Center's Clearinghouse is to maintain descriptive data on research, exemplary programs, and curriculum development programs for dissemination to the national program improvement network of federal agencies, state departments, Research Coordinating Units, Curriculum Coordination Centers, postsecondary groups, R&D personnel, and others. The goal of these services is to reduce duplication of the states' information efforts by acting both as a clearinghouse for state investments in program improvement and as a resource for adoption of program innovations--thereby increasing the utilization (and hence, the cost-effectiveness) of R&D.

Through the National Center's Clearinghouse annotated information on over 12,000 federal and state program improvement projects conducted since 1970 and on projects currently underway is available. This data helps account for expenditures, assess progress in priority problem areas, and avoid duplication of work completed or in progress. Through cross-checks with other information systems such as the Educational Research Information Center, it is possible to track the output of completed projects and to encourage the use of the best products and information nationwide.

The Clearinghouse also collects military-developed technical training materials and civilian curriculum materials and makes information about these available through the network. The combined collections of the National Center Clearinghouse and the ERIC Clearinghouse for Adult, Career and Vocational Education, which is also housed at the Center, are used by an estimated 910,000 users per year.

Dissemination and Utilization of Vocational Education R&D Products

The National Center is now providing leadership to a nationwide dissemination and utilization network that facilitates the rapid use of the best R&D products available for program improvement. Each year, the National Center selects a limited number of products, reports, and instructional curricula for nationwide dissemination according to their relevance to national priorities and to a set of rigorous standards of excellence. These products represent the very best that have been developed at the state and national level with the support of federal program improvement monies. Also, we commission the writing of nine to twelve state-of-the-art papers each year to provide a synthesis of the literature and research to vocational educators and others on topics of national significance.

Since 1978, the National Center has worked with the entire program improvement network of regional Curriculum Coordination Centers, state Research Coordination Units, State Liaison Representatives, state departments of education, and university teacher education departments to get these products disseminated and used. Many of these products have been adopted at the local and state levels, and several states have requested permission to reprint these products for local dissemination.

The Use of National Center Products in the Public and Private Sectors

The National Center is making a difference in the quality and impact of vocational education programs throughout the nation. Our information and leadership services, as well as our R&D products, are increasingly being sought and used by other employment and training groups such as CETA prime sponsors, Job Corps, apprenticeship programs, private industry, and private trade and technical schools. For example, we are currently working with six national and international labor unions who have contracted with the National Center for our services and products to improve and develop new apprenticeship training programs. Recently we co-sponsored a conference with the National Association of Business that addressed the Jobs Training Partnership Act of 1983.

CONCLUSION

It is urgent that national program improvement efforts be continued and enhanced so that vocational education in every state and community will be ready to carry out its critical role in the nation's economic development. In a time of shrinking and constrained fiscal resources, it is essential that we share the output of research and development from investments made in both state and federal program improvement efforts.

Many of our current efforts focus on problems related to national economic recovery and progress. We have underway projects dealing with the technological update of teachers, local economic development efforts involving vocational education linkages with business and industry, retraining of adults, training entrepreneurs, and meeting the skill and worker needs in the defense establishment.

Mr. Chairman, it is this overarching national program improvement endeavor that has provided our country over the past decade and a half with leadership in training for a skilled workforce. Many analysts believe that economic recovery and growth will be seriously impeded without this national resource.

I urge you, therefore, establish the appropriation for Programs of National Significance at the level of $10 million. I call your attention again to the statement of the National Association of State Directors of Vocational Education last year urging you to at least maintain the National Center's budget at $5.5 million, and offering to give up $1 million dollars of their own state grants. Their attitude in this regard has not changed. My own recommendation simply reinforces that position, which, in my judgment, is even more urgent this year. Thank you for this opportunity.

STATEMENT OF DR. GARY A. EYRE, EXECUTIVE DIRECTOR, AMERICAN ASSOCIATION FOR ADULT AND CONTINUING EDUCATION

ACCOMPANIED BY JOHN E. RYAN, CHIEF OF THE BUREAU OF COMMUNITY AND ADULT EDUCATION; CONNECTICUT STATE DEPARTMENT OF EDUCATION; FORMERLY PRESIDENT OF AAACE

Senator WEICKER. Mr. Gary Eyre, executive director of the American Association for Adult and Continuing Education, accompanied by Mr. John Ryan, chief of the Bureau of Community and Adult Education, Connecticut State Department of Education.

Dr. EYRE. Good morning, Senator. I'm pleased to represent the American Association for Adult and Continuing Education, which was founded just recently upon the merger of two national associations with an existence of over 32 years.

We have appeared before the appropriations subcommittee over the past 20 years, in addition to our State directors groups as well.

The testimony which we have presented to the staff and to you contains three sections. The opening deals with our request for $125 million for fiscal year 1984, which is just $2.4 million over our peak at $122.4 million in 1980. The second section of the testimony deals with what we call ignorance is not acceptable. It focuses on program demography. And the third section is an appendices. It also contains Connecticut information relative to the State allotment based on the 1980 census information.

The recent release of this by Secretary Bell from the National Commission on Excellence in Education—the national attainment figures of 1980 census. Yesterday's editorials in our own Washington Post and yesterday's national television show with Secretary Bell and Ruth Love, superintendent of Chicago, corroborates what our association has been focusing on for years—there is an American adult illiteracy problem.

The new national report indicates that 23 million adults are functionally illiterate in America today. The 1980 census points out 61 million adults have less than completion of secondary education and the skills commensurate with that level.

The problem of illiteracy is not solely the domain of a child-centered education society. We feel that illiteracy is a cancer with adults which affects our national productivity, our security, and our economic vitality.

Our testimony and supportive materials you may need will give evidence to the growing problem and further evidence that there is in place a strong, workable State-local-Federal partnership in place to address that concern.

I'm pleased, Senator, to be accompanied by one of your State colleagues, Mr. John Ryan, the chief of the Bureau of Community and Adult Education in Connecticut. He'll take just a minute to explain how Federal funds impact on a State and particularly, the State grant program in Connecticut.

Thank you, Senator.

Senator WEICKER. All right.

Mr. RYAN. Senator Weicker, thank you for the opportunity to share this information with you and other members of the committee.

In fiscal 1982, Connecticut received $1.4 million and enrolled over 26,000 in the adult basic education program, including 2,514 Asians or Pacific islanders and 3,272 blacks. Forty-one percent of the students were between the ages of 16 and 24 and 5,628 participants were of Hispanic origin. Ten percent of the people who were enrolled did receive a high school diploma. One thousand two hundred and thirty-seven obtained a job or a better job and 358 were removed from welfare.

Over 9,000 adults with limited English skills were served. The crisis in Poland accounted for a substantial influx of Polish immigrants into New Britain.

It's interesting to note that urban programs received 52 percent of the total funds available to educate 51 percent of the adults enrolled in the program statewide. In keeping with State and national trends, the Connecticut adult basic education programs focused increased attention in fiscal 1982 between the connection between basic education and jobs.

In fiscal 1983–84, we plan to use Adult Education Act money and Vocational Education Act money to create a unique program to employ AFDC parents. We also plan to support a higher education/high tech initiative with basic skills training.

In fiscal 1984–85, we plan to send RFP's to service delivery areas under the Job Training Partnership Act. For each dollar that JTPA puts up for prevocational basic skills training, we'll match it with a dollar from the Adult Education Act.

So that we might continue to provide high quality, low cost basic skills training programs to better serve our adults in need, I ask that you support our request of a funding level of not less than $125 million.

Thank you very much.

Senator WEICKER. Thank you very much. Now I gather that you do not support the funding request of the administration in this area.

Dr. EYRE. Not the consolidation block grant proposal in its present state, S. 1039.

Senator WEICKER. In other words, neither the concept of the consolidation, nor the money; is that correct?

Dr. EYRE. That's correct. However, the new proposal lifts the $500 million cap on that, that Senator Hatch introduced recently. But we still do not support that bill because it mixes apples and oranges. We have had such a success story, Senator, with the categorical aid program, that we feel that we need those prerequisite compensatory skill development programs for adults prior to their getting into the kinds of programs that Bob Taylor talked about, and that Gene Bottoms addressed this morning.

So there is a fairly workable relationship there. But the categorical aid program is what our association is supporting. We have evidence of 18 years of strong success story that it's workable that way.

Our State directors, of which John is 1 of 57, are on record in opposition to that as well.

Senator WEICKER. And of course, the funding levels would be considerably lower, though.

Dr. EYRE. That's correct, because there's a 13 percent there.

Senator WEICKER. So how do you reconcile all the hand-wringing that I have observed emanating from this report on education? How do you reconcile the rhetoric and hand-wringing over the state of American education with the levels of these funding requests?

Let's assume the point is correct. I listen to the President and I hear him say, get the Federal Government out of education. Of course, it ought to be explained to the public that the Federal Government contributes less than about 10 percent of education. It is State and local to begin with.

Dr. EYRE. That's correct.

Senator WEICKER. But let's get over that little misconception and move on to the funding levels. I don't know how we're going to achieve all this excellence unless you pay for it. Now if somebody's got a better idea——

Do you fellows find in the vocational area that private corporations and State and local governments are picking up the shortfall?

Dr. EYRE. It certainly increased with the requirements that we have put in and you have put in, in the State planning process. There's a great collaboration that has taken place between adult vocational and the business private sector.

But on this, you know, just because individuals walk across the stage next week and get a high school diploma that indicates that I have suffered so long and don't have the marketable skills to arithmetically read and write, doesn't mean that at age 24 they're going to automatically get those skills out of the blue.

So in adult education, according to the latest census, we have 61 million adults, 50 percent of your State, with less than the completion of secondary education. How can they function in Gene's programs or how can they have the marketable skills to function in society unless we pick them up in adult education? And it's a super track record what's going on. It's peanut money in terms of the total budget and yet, the very basis of the survival of the Nation is education. And if an adult can't function in society in reading, we're in trouble. And that's exactly what's happening.

And so Secretary Bell has got a fairly decent report here. But we have to pick up the results of this report in terms of warm bodies.

Senator WEICKER. That's right.

Dr. RYAN. Senator, in response to your question, too, I'd have to add that I think if it weren't for the Federal leadership, that the States wouldn't be at the point they're at now.

Dr. EYRE. That's correct.

Mr. RYAN. And stand ready with people in State departments and in local education agencies to do work.

As I recall, I think when the Federal acts first came in, I think there were only like seven or eight directors of adult education in the whole country. Today, as Gary just mentioned, there are 57. And there is the leadership that's out there so that we can move forward.

And I think the States have taken the cue and more and more States are putting in more money. I think business and industry may be lagging behind a bit, but that they, too, are catching up. If we lose the Federal leadership, we'll lose the impetus that we've already achieved through the leadership of Congress.

Senator WEICKER. I agree with you both and I thank you very much for your testimony.

Dr. EYRE. Thank you, Senator. It's good to see you.

[The statement follows:]

STATEMENT OF DR. GARY A. EYRE

On behalf of 6000 members of the American Association for Adult and Continuing Education (AAACE) and its Board of Directors and thousands of adult educators and students in our 61 state affiliate organizations, we thank you for this opportunity to appear before you at this early stage in your appropriation deliverations for Fiscal Year 1984. We know that this Subcommittee will be making funding recommendations which will markedly influence the future direction of American education, particularly the Federal Government's role in determining that direction. At a time when it appears disunity, disagreement, and discontent often seem to be the order of the day in education, we in adult and continuing education are presenting what we feel is a remarkably united effort.

The testimony which follows outlines the successes of the state-grant program, provides you with a minimum of data on potential and involved adult clients and builds a case for our request of a Federal appropriation at a level of not less than $125 million.

AAACE applauds the Senate debate and action of last month in calling for a $600 million funding increase for education programs and in particular recommendations expanding the funding level for the Adult Education Act.

Our testimony does not address the appropriation ramifications of The Vocational and Adult Education Consolidation Act (S.1039) introduced on April 13, 1983 since the hearing process on that proposal has not taken place, a full assessment of the package is still underway by the Association, including our unit on the National Council of State Directors of Adult Education and because we, in concert with the Congress, have an obligation to assess the problems of adult illiteracy and to measure the need for a compensatory education program focused on raising the educational competency level of millions of adult citizens. The Fiscal Year 1984 budget for adult education must be examined as a separate and distinct issue and not in a consolidation framework with Vocational Education.

The level of Federal support will leverage large sums of local and state dollars in tandem with the Federal grant funds. Presently the state matching requirement of 10 percent is exceeded by 40 percent. This is further evidence of a workable Federal-State and Local categorical program.

We sincerely hope you will put a high priority on adult education by recommending to your Senate colleagues a funding level of not less than $125 million dollars in the Fiscal Year 1984 appropriation mark.

IGNORANCE IS NOT ACCEPTABLE

In a world where human survival is at stake, ignorance is not acceptable. Since 1965 a significant effort has been made by the Federal Government, state education agencies, local jurisdictions, the private sector and volunteers to address the problem of basic education skill development for adults. The adult education effort under provisions of P.L. 91-230, as amended, is without doubt one of the soundest dollar investments the Federal Government has ever made in the education arena.

In the 18 years since 1965, the program's initial year, more than $1 billion has been appropriated to the states for provision of basic education opportunities for adults through twelfth grade competency for out-of-school adults sixteen years of age and older. Under this cooperative partnership effort funds are allocated to the States on the basis of a formula contained in the legislation (refer to Appendix A - State Grant Allotments July 1983). Local projects, to be conducted by local educational agencies and public or private nonprofit agencies, organizations, and institutions, are approved by the State education agency on the basis of need and resources available. All decisions regarding program content, methodologies, instructional materials, and delivery mechanisms are made at the state and local levels.

Allotments to states for Fiscal Years 1965 through 1983 totaled $1,159,623,292. State and local matching funds (though only a 10 percent match is required by Congress) have added over $600,000,000. The match is now slightly over 50 percent. The program has provided educational opportunities to an estimated 24 million educationally disadvantaged adults.

71 percent of the participants were in the program at a competency level of 0 to 8 grades of education. Clients in programs at the secondary level (grades 9 - 12) represented 29 percent of the participants thus dispelling the concern that the program was "creaming" the easy-to-recruit and the student closest to obtaining an adult high school diploma or equivalency certificate (GED).

Minorities comprise 56 percent of the total participants; 81.5 percent of the adult students in the program are in the labor market age of 16 to 44 years with another 12 percent in the age bracket of 45 to 59 years of age.

Nearly 50 percent of the participants upon entry into the program were unemployed.

Two years ago 117,236 participants in the program obtained a job while another 75,000 obtained a better job or salary increase and 28,000 were removed from public assistance roles.

The total number of agencies, institutions, and organizations providing adult education (ABE) and support services averages 635 per state.

Business and industry together with local educational agencies provide over 25 percent of adult education programs. Churches, voluntary/community organizations, manpower and job training agencies, technical schools and labor unions contribute as providers. These organizations, associations, and agencies are very often funded under provisions of Sections 306 and 310 of the Act.

National totals for paid personnel for the adult education program (Federal Adult Education Act) total nearly 57,000 individuals of which 73 percent are part time. Volunteers are often used as teachers, counselors and paraprofessionals and may exceed 10,000 persons each year associated with the state-grant thrust.

These are brief but impressive datum. The Federal adult education program has been most meaningful and one of this nation's soundest human and financial commitments. Unfortunately, the needs for adult basic education, which were identified initially by Congress as categorical in nature, have not markedly diminished in spite of the record of accomplishments. The numbers of adults needing and seeking adult basic education and literacy resources continues to swell. The 1980 census report identifies 61 million adults over age 16 having less than the completion of secondary education. 23 million adults are functionally illiterate according to the April 26, 1983 report A Nation at Risk by the National Commission on Excellence in Education.

Illiteracy makes us all losers. An illiterate adult earns 42 percent less than a high school graduate. American industry wants employees with basic literacy skills. One-fifth of our nation's adults cannot make informed decisions because they can not READ.

Adults are wage earners, adults are consumers, voters, policy makers and parents. No longer is a child-centered educational system sufficient to meet the educational needs of each member of society.

Few can argue that education should not be the responsibility of the individual state. However, certain problems are evident across all states and create the need for a concentrated effort with a National and Federal priority for solving problems of concern to all states. Our nation's educational system was built upon the assumption that a free and enlightened electorate could be developed through education. As we have grown as a nation, demands for an enlarged educational system have grown likewise. More and more we are accepting the realization that learning is a continuous lifelong process and that there must be a comprehensive system that provides for the education of adults. Equality of educational opportunity is a right to which all Americans can aspire. A significate part of that opportunity must be directed at the illiterate adult or marginally educated persons beyond compulsory school age.

In 1980 the Congress provided $100 million for the state grant program and, in addition, another $22.6 million for special adult populations ($17.6 million for Cuban and Haitian refugees--$2.5 million, Indochina refugees--$2.5 million, adult immigrants). The $122.6 million represents the highest appropriation level reached in the adult education program. The authorization for appropriation in the legislation is $290,000,000 (P.L. 95-561, Title XIII, Part A, Section 315). Appropriations have never reached the 50 percent level of the authorization.

In light of the pressing needs for adult basic education, the present and adequate delivery system in place, and the precedent of a previous $122.6 million level, the American Association for Adult and Continuing Education strongly recommends a Fiscal Year 1984 appropriation of not less than $125 million.

The Association and any one of our 8 divisions or 41 units would be very pleased to submit local and individual state supportive documentation on this request.

The Federal-State-Local adult education program has a proven workable record. The record is not blemished. The need is apparent. The status quo or curtailment of a Federal presence in adult basic education would be a step backward, a step toward ignorance which is not acceptable.

The American Association for Adult and Continuing Education guarantees you that the problems of adult illiteracy do exist. The economy is not going to improve or thrive unless there is a major effort to continue to upgrade the educational level of adults who do not have the skills expected of at least the level of high school competency.

Let's put a high priority on adult education!!

Appendix A

ADULT EDUCATION GRANTS TO STATES

(July 1, 1983--June 30, 1984)

Adult Education Act, P.L. 91-230, as amended. Second Continuing Resolution for FY 1983
House Joint Resolution 631)

State or Territory	1/ FY 1984 Allotments		2/ Maximum Amounts Allowable for State Administration		1980 Census Eligible Population	3/Percent of Total	
Total:	95,000,000		4,523,809		61,205,719	100.00	
Alabama	1,925,288		77,239		1,259,800	2.06	
Alaska	240,095		50,000		63,934	0.10	
Arizona	1,018,958		50,000		616,640	1.01	
Arkansas	1,226,460		50,000		763,890	1.25	
California	7,701,939		308,989		5,359,094	8.76	
Colorado	918,090		50,000		545,061	0.89	
Connecticut	1,219,745		50,000		759,125	1.24	
Delaware	358,911		50,000		148,250	0.24	
Florida	3,930,125		157,670		2,682,496	4.38	
Georgia	2,639,472		105,891		1,766,608	2.89	
Hawaii	430,891		50,000		199,329	0.33	
Idaho	429,768		50,000		198,532	0.32	
Illinois	4,393,598		176,264		3,011,391	4.92	
Indiana	2,176,349		87,312		1,437,961	2.35	
Iowa	1,090,449		50,000		667,372	1.09	
Kansas	879,866		50,000		517,936	0.85	
Kentucky	1,932,301		77,521		1,264,777	2.07	
Louisiana	1,968,393		78,969		1,290,389	2.11	
Maine	546,564		50,000		281,414	0.46	
Maryland	1,701,677		68,269		1,101,119	1.80	
Massachusetts	1,995,679		80,063		1,309,752	2.14	
Michigan	3,424,486		137,385		2,323,679	3.80	
Minnesota	1,397,549		56,067		885,300	1.45	
Mississippi	1,310,780		52,586		823,726	1.35	
Missouri	2,121,229		85,100		1,398,846	2.29	
Montana	384,760		50,000		166,593	0.27	
Nebraska	623,518		50,000		336,023	0.55	
Nevada	390,132		50,000		170,405	0.28	
New Hampshire	442,721		50,000		207,724	0.34	
New Jersey	2,867,685		115,047		1,928,555	3.15	
New Mexico	597,121		50,000		317,291	0.52	
New York	6,802,303		272,897		4,720,684	7.71	
North Carolina	2,938,791		117,900		1,979,014	3.23	
North Dakota	377,990		50,000		161,789	0.26	
Ohio	4,097,674		164,392		2,801,394	4.58	
Oklahoma	1,289,706		51,741		808,770	1.32	
Oregon	925,619		50,000		550,404	0.90	
Pennsylvania	4,740,365		190,175		3,257,454	5.32	
Rhode Island	551,451		50,000		284,882	0.47	
South Carolina	1,626,090		65,236		1,047,680	1.71	
South Dakota	388,982		50,000		169,389	0.28	
Tennessee	2,287,251		91,761		1,516,661	2.48	
Texas	5,901,267		236,749		4,081,281	6.67	
Utah	482,222		50,000		235,755	0.39	
Vermont	314,497		50,000		116,732	0.19	
Virginia	2,358,691		94,627		1,567,357	2.56	
Washington	1,295,356		51,968		812,781	1.33	
West Virginia	1,050,749		50,000		639,200	1.04	
Wisconsin	1,740,179		69,813		1,128,441	1.84	
Wyoming	273,236		50,000		87,452	0.14	
Dist.of Columbia	399,238		50,000		176,867	0.29	
Puerto Rico	1,923,766		77,178		1,258,720	2.06	
American Samoa	139,265		25,000		*9,511		
Guam	244,720		25,000		*21,162		
No. Mariana Is.	72,375		25,000		*3,205	*1970 Census	
Trust Territory	283,804		25,000		*33,490		
Virgin Islands	209,836		25,000		*22,895		

1/ Distribution of 99 percent of the total is based on initial allocation of $150,000 to each State, the District of Columbia, and Puerto Rico and the balance distributed on the basis of population age 16 and over with less than a high school diploma (1980 Census), with no State receiving less than 90 percent of its 1973 allotment

Distribution of one percent based on an initial allocation of $50,000 to each Insular Area and the balance distributed on the basis of population age 18 and over with less than a high school diploma (1970 Census), with no Area receiving less than its 1979 allotment.

2/ Maximum allowable for State administration on a nationwide basis = $4,523,809 (5 of 105 parts x $95,000,000).

Computations based on $50,000 minimum for States and $25,000 for Insular Areas, or 4.0118% of State's allotment, whichever is greater.

3/Percentages are shown rounded. Computations are based on exact percentages.

STATEMENT OF GERDA BIKALES, PRESIDENT, U.S.ENGLISH

Senator WEICKER. The next witness is Gerda Bikales, president of U.S.English.

Ms. BIKALES. Monsieur le Senateur, je vous remercie pour l'occasion de presenter mes vues au suject de l'éducation billingue. Je regrette infiniment de vous adresser en une langue autre qu'en anglais, en effect en une langue étrangère, mais c'est le moyen le plus directe et le plus dramatique de montrer le problème que nous essayons d'éviter.

Pour continuer avec cet example, je demande aussi les services d'un interprète et la publication de cette déposition en français avec traduction anglaise.

Having made my point, Senator——

Senator WEICKER. See, the problem with that is that you picked the one language that I know. [Laughter.]

So it didn't bother me. You can keep on going as far as I'm concerned. [Laughter.]

It is very dramatic and believe me, I'm sure that some suffered from not understanding what it was that you were talking about. But I find it very refreshing. As a matter of fact, you know, you get toward the end of these hearings and sometimes you tend to nod off. And this just wakes you up right away. [Laughter.]

I think it's terrific.

Ms. BIKALES. Does anybody want to hire my services? [Laughter.]

Senator WEICKER. Go right ahead.

Ms. BIKALES. All right. Well, I guess I've made my point that it would be difficult and inconvenient, to say the least, to run a Government in more than one language, which is precisely what this new organization is attempting to avoid.

U.S.English is a new public interest organization. It was founded in January of this year to protect our common language from further erosion in public usage.

The American people have serious misgivings about bilingual education and, Senator, this might very well be another first for you for sometime—I'm here to ask for less money. Now I can't imagine that there are a great many people in this room who will do so.

Senator WEICKER. How much less?

Ms. BIKALES. Oh, about two-thirds less. Two-thirds less than last year's appropriation. We believe that $46 million, say, might do the trick for bilingual education funding rather than $138 million, which was the case for 1983.

Now the administration this year has asked for $95 million, I believe it is, as they did last year and, of course, Congress increased it. They may do so again unless there's some reason not to do so. And we think there are very good reasons not to do so.

As I said, we have misgivings about this program. At the very least, it seems to retard acquisition of English language skills and certainly, the integration of the students into the American mainstream. It confuses students and parents. Newcomers to the United States can't be expected to understand the ways of this country and they look to the public schools to tell them what is expected of them.

And when the children continue to be taught in the home language, the parents are confused and the children are confused. It's our job to clarify this confusion.

The programs keep young immigrant children in segregated classrooms, cut off from interaction with their American peers, doomed to remain strangers in their new country.

I'm undoubtedly not telling you anything new when I say that bilingual education has little to do with education and a great deal more to do with vested interest politics. Federal funding and State funding has produced a——

Senator WEICKER. What kind of vested interest politics?

Ms. BIKALES. People who are making a living and are gaining prestige out of these programs which were not in existence prior to 1969. They were started in 1969 and have mushroomed, grown tremendously through an influx of Federal money.

I just want to call your attention to a conference held in February of this year here in Washington, called by the National Association for Bilingual Education, which is the major consortium of the bilingual industry, so to speak. And the theme of the conference was "Bilingualism: In The National Interest."

Now there was no question mark there. We are presented with a fait accompli. It's no longer bilingual education; it's bilingualism. I think this is something that the people who guide the destinies of this country ought to think about.

A particularly interesting feature of that conference was a parent institute. At this parent institute, the parents of children in bilingual programs were brought to Washington, many at taxpayers' expense, and they were taught how to lobby for these programs. Certainly, we feel that this is improper use of public funds and demonstrates that the amount of money going into bilingual education is manifestly too high.

Beyond that, we are concerned with the social isolation of children put for long periods of time into bilingual programs. We also understand that the size that is frequently given of the population in need of such services has been highly inflated and that it's about a third of what it's reputed to be, according to at least one study I have seen. And therefore, our suggestion that the cuts be on the order of magnitude of about two-thirds.

And finally, we do have a great need in this country for more people to learn languages and whatever money we can save this way might go for instruction into foreign languages. I believe Congressman Paul Simon has a bill which was introduced last year, will be reintroduced this year, precisely to that effect. Some of this money might flow that way.

So we thank you very much for listening to us in a variety of languages.

Senator WEICKER. Somebody made a comment here just a few minutes ago—John, did you make a comment about the influx of Poles in New Britain by virtue of the unrest in Poland?

Mr. RYAN. Yes, I did.

Senator WEICKER. My question to you, Ms. Bikales, is: What am I supposed to do with these immigrants into the city of New Britain, Conn., as a result of the unrest of Poland if I don't have a bilingual course to go ahead and integrate them in that way?

Ms. BIKALES. You know, we integrated into this country successfully hundreds of thousands of Polish people before anyone had ever heard of bilingual education.

Senator WEICKER. That's right. We did a lot of things 100 years ago that we don't do as well as we do now.

Ms. BIKALES. Or perhaps we did them sometimes better than we do now. But there are other options. And in bilingual education, the way that it is set up now can be changed. And we are definitely not against instruction, intensive instruction, in English, supplemental instruction in English, if that is necessary.

I think we have some obligation to do something for these children, if for no other reason than that there has been a Supreme Court case that says we do so, that we owe them some kind of supplemental or different education to bring them up to speed.

Senator WEICKER. My concern is that I represent a high technology State, a State that has a large defense industry. New Britain, I might add, is right in the middle of the manufacturing complex of Connecticut. And as these young Polish people come to New Britain, Conn., it seems to me that it's very much not just in their interest, but in the interests of my State and the security of my Nation that they understand the English lanuage, the language in which manufacturing is conducted in the State of Connecticut, in which the specs for the high tech products, et cetera, are written.

I don't know how I achieve that if I just rely on them stumbling through years and years of assimilating the English language.

Ms. BIKALES. Are we talking of adults, Senator?

Senator WEICKER. I don't care what the age. I don't care what the age.

Ms. BIKALES. It does make a difference.

Senator WEICKER. It doesn't make any difference to me.

Ms. BIKALES. It does make a difference because if you take a young child, a preschool child or a kindergarten child into the schools, that child will learn much more rapidly than, say, an adult who is not going to school and perhaps wants to pick up English in adult education. It's a different matter.

The younger the child, the quicker the learning. But there are other ways to teach immigrant children.

Senator WEICKER. Well, what is your point?

Ms. BIKALES. My point is that until we have laws that make it easier to try a variety of approaches to the teaching of young immigrant children, this is not a particularly helpful way. And we think that the funding is too high, as evidenced, for example, by the use of parents coming in to learn how to lobby for bilingual education programs.

Senator WEICKER. But it's my understanding that the main purpose of bilingual education is to teach children academic courses in their own language until they're English-proficient, so they won't fall behind their peers.

Ms. BIKALES. That's almost impossible to do. As you have heard, I'm sure, we have a serious crisis on our hands say with respect to mathematics teachers, science teachers. And that's enough of a problem for us without attempting to find mathematics teachers who are proficient in mathematics in Polish and in English or in mathematics in Chinese and in English.

It's a virtually impossible task. There are so many groups and so many languages, we cannot even attempt to meet it. It's futile. Because we cannot teach every subject in every possible language, it seems to me that the direction to go to is to acculturate these people, drawing upon the experience, our historic experience, on how to do this. And we have done a superb job in this country of integrating thousands—indeed, millions—of people over the years without any special programs of this nature.

Senator WEICKER. But, and I can't dwell on this too long because we have other witnesses, the fact is that just in terms of education as a whole, within my lifetime, a quality education has been made available to all Americans, never mind bilingual. Just within my lifetime, just within 40 years. Education is far superior than what it used to be.

Ms. BIKALES. Well, how do you reconcile that with the report you just mentioned on excellence in education?

Senator WEICKER. Well, I think that we have our failings. But I'm talking about an entire society, an entire nation's commitment to public education. It's an extraordinary record of achievement.

Ms. BIKALES. That's right. Absolutely.

Senator WEICKER. And obviously, as techniques come along that are new and that prove themselves out, they will go ahead and incorporate themselves into the system as a whole. My point to you is—well, let's take another example that we know as a result of our work in education.

I have a retarded son. We now know that my son will be able to take his place in the mainstream of society because he was educated starting at 3 months of age. We now know that at 3 months of age, if he starts getting educated, he has a darn good chance of being mainstreamed when he gets older.

My heart goes out to the parents whose children sit in institutions because they have to see their child in that institution with no future, knowing techniques have changed that now make it possible that my son won't have to live through what their sons are living through.

The same thing holds true as far as education is concerned. I'm not saying that there are not many successful Americans that never had a bilingual education. Obviously, there are. But what we're talking about now is the society as a whole. I would indicate to you that as long as the purposes of the program remain as they have been stated— in other words, to have these children become proficient——

Ms. BIKALES. But that's very questionable in and of itself.

Senator WEICKER [continuing]. I'm going to support it.

Ms. BIKALES. I think at the point we're being told bilingualism is in the national interest, period, it's very questionable the purpose of the program remains as it was stated to us and sold to the Congress in 1969, Senator. And we don't feel that the results have warranted continued support at ever-growing levels.

Senator WEICKER. Well, as long as we remain a nation of immigrants, and I hope we're always going to remain a nation of immigrants, I'm all for doing everything we can to have the strongest possible country in terms of our education and our ability to deal with an increasingly complex world around us.

Thank you very much.

[The statement follows:]

STATEMENT OF GERDA BIKALES

I greatly appreciate the opportunity to present our views on fiscal year 1984 funding for bilingual education programs.

U.S.English is a new public interest organization, founded earlier this year to protect our common language from further erosion in public usage.

The American people have serious misgivings about bilingual education. Our files are replete with letters from teachers at every level of instruction—from kindergarten to university—telling of the problems engendered by bilingual education programs. At the very least, bilingual education retards the acquisition of English language skills, and the integration of the students into the American mainstream. Inevitably, it confuses both the student and the parents. Newcomers to the United States can't be expected to understand the ways of this country, and they look to the public schools to tell them unequivocally what is expected of them in America. When the children continue to be taught in the language of origin, we give them and their parents very ambiguous signals, which may well lead them to conclude that English is perhaps not essential, after all.

Tragically, these programs keep young immigrant pupils in segregated classrooms, cut off from interaction with their American peers, doomed to remain forever strangers in their new country.

Bilingual education, as practiced, has little to do with education, but has everything to do with vested interest politics. Generous funding by the Federal Government and by the States has produced a vast bilingual education industry, with its own momentum for perpetuation and expansion. In February of this year, the National Association for Bilingual Education—the major consortium of the bilingual industry—held their annual conference in Washington. The overall conference theme was "Bilingualism: In the National Interest."

This theme should be of more than casual interest to those elected to guide the Nation's future. It is no longer bilingual education we are talking about here, but a quantum jump has been made to bilingualims, plain and simple. We are told categorically that bilingualism is in the national interest. There is no question mark after this assertion. We are presented with a fait accompli.

An interesting feature of the NABE conference was the parent institute. Parents of children in bilingual education programs were brought to Washington, many at taxpayers' expense, to be taught how to lobby for more bilingual education funding. This is clearly improper use of public funds, and an indication that the amount of money flowing into bilingual programs is manifestly too high.

The Federal budget we are discussing today will leave us with the largest deficit in our history. For this reason alone, if no other, every expenditure must be scrutinized more carefully than ever before, and questions must be raised about its effectiveness in relation to its stated purpose.

Until now, bilingual education has been controversial, but it has been strangely immune from critical budgetary reevaluation, when compared to other essential services. Last year, for example, the Congress added about 40 percent to the revised budget proposed by the President.

We urge this committe, and indeed the Congress at large, to lower the funding level for bilingual education for fiscal year 1984. We do so for the following reasons:

1. The results achieved through this costly method of teaching are not demonstrably better than those achieved through more standard curricula that offer additional English language instruction for those who don't speak our language.

On the other hand, the social isolation of students placed for long periods in bilingual classrooms removed from their American counterparts is definitely undesirable, and would be unacceptable even if academic results were more encouraging than they are.

2. The program was granted $138 million for this fiscal year, under the assumption that 3.6 million children in the Nation's schools are of limited English language proficiency. However, it now seems clear that this figure is grossly inflated. New estimates of the true size of this population give us a figure of about 1.2 million students. (See study by Robert E. Barnes, Policy Analyst, U.S. Department of Education, "Size of the Eligible Language Minority Population".)

If the size is about one-third of what it had previously been believed to be, one can logically make the case for substantial reductions from present funding levels. We would, therefore, propose an appropriation of $46 million, which is one-third of current allocation.

3. The funds saved should be realocated for improved and greatly expanded foreign language programs for American students at all levels—elementary, secondary, and university.

Deliberate confusion has been planted to the effect that bilingual education for those of limited English language proficiency can be equated with the building of a citizenry literate in strategic foreign languages. This is by no means the case. Bilingual teaching keeps the child whose home language is not English in confusion about which language is the foreign one—the job of American society must be to end that confusion as soon as possible. The child's energies must be wholly channeled into learning English, which will allow him or her to gain a sense of belonging in our midst. If he can somehow also retain his first language (as many immigrants do) and become truly literate in it, so much the better, for the child and for everyone else as well. However, this cannot be done at the price of alienation from the larger society. If the immigrant child does not fully master English, and become an integral part of American society, then the value of his or her knowledge of the foreign language is virtually lost to America.

What we have in mind is a program much like the National Security and Economic Growth Through Language Improvement Act proposed in the last Congress by Congressman Paul Simon, and scheduled for reintroduction this year.

In view of our misgivings about bilingual education, why do we advocate any allocation of public funds at all? I would like to address this question for a moment.

First of all, we are not fanatics. In some localities, where bilingual teachers are available, a program of short-term instruction that uses the child's home language to help him for the first few months would seem acceptable. Also, some of this money will hopefully be spent for alternative methods of teaching immigrant children.

Finally, there is a law on the books regarding the educational needs of children who don't know English, and we have a responsibility to fund it. It is our hope that this law can be amended to encourage different approaches to teaching immigrant children, and to make it an instrument for their prompt acculturation to American society, rather than their permanent alienation from it.

I thank you for this opportunity to present our views, and hope that you will keep our recommendation in mind as you deliberate the funding of bilingual education programs.

STATEMENT OF DR. RAMON SANTIAGO, PAST PRESIDENT, NATIONAL ASSOCIATION FOR BILINGUAL EDUCATION

Senator WEICKER. Dr. Ramon Santiago, past president of the National Association for Bilingual Education.

Dr. SANTIAGO. Thank you, Mr. Chairman. My name is Ramon Santiago and I'm the immediate past president of the National Association for Bilingual Education which put the conference that has been referred to together.

NABE appreciates the opportunity to testify on the administration's fiscal year 1984 appropriations request for the bilingual education programs authorized under ESEA title VII and the Vocational Education Act.

NABE is a nonprofit professional organization dedicated to recognizing, promoting, and publicizing educational excellence through bilingual education.

Mr. Chairman, NABE commends you and this subcommittee for your efforts to develop a Federal spending program responsive to the Nation's urgent needs. Your efforts are especially important given the President's indefensible posture on Federal domestic spending.

We also commend the subcommittee and Congress for refusing to approve the President's fiscal year 1983 rescissions which, like the fiscal year 1984 budget proposals, conflict with the needs and aspirations of the American people.

Education Secretary Bell recently transmitted to Congress a report entitled, "The Condition of Bilingual Education in the Nation, 1982." This report provides dramatic evidence of our inability to meet the special educational needs of limited-English proficient—LEP—students. To make matters worse, while the general school age population is expected to increase by 16 percent between now and the year 2000, the Department projects that the number of LEP students will increase by 35 percent by then.

Quite simply, the LEP student population is growing more than twice as fast as the overall student population.

Despite this shocking evidence, President Reagan proposes to slash $44 million from title VII, reducing appropriations from the current $138 to $95 million.

As you know, title VII has already sustained deep cuts and our programs, like other education programs, have been ravaged by inflation. In fiscal year 1980, title VII funding came to $171 million. If this funding level were to be adjusted for inflation, title VII would have to receive 285 percent more than the $95 million currently requested by the administration.

If the President's cuts were approved, the following would happen:

No. 1, 40,000 fewer children would be served under the basic grants.

No. 2, 198 school districts would lose basic grants, including the State of Connecticut.

No. 3, desegregation programs would be eliminated.

No. 4, 2,000 fewer college students would receive training.

These and other cuts in services would have a devastating impact on language minority students and the financially hard-pressed schools that they attend.

There are currently more than 3.5 million students enrolled in the Nation's schools, a majority of whom receive inferior instruction. To improve the educational opportunities available to LEP students, massive resources are needed. Although public education is primarily a function of State and local governments, there are at least four compelling reasons why Congress should increase Federal title VII funding.

No. 1, a student's right to intelligible instruction is a right protected by various Federal laws, which confirm that local school districts have an affirmative obligation to remedy the English language skill deficiencies of language minority students.

No. 2, most language-minority students in our Nation's schools are there because of actions of the Federal Government. Indeed, the size of our language-minority student population continues to grow because of U.S. actions both overt and covert, around the globe.

No. 3, this Nation cannot afford to waste the productive potential of millions of its citizens. The rate of unemployment and underemployment of language-minority citizens, especially Indian, Hispanic, and Indochinese Americans, is intolerable. The improvement of education is imperative for the future economic productivity of language-minority citizens and the well-being of the society.

The bilingual education programs funded by title VII can alleviate our critical national shortage of bilingual personnel—a shortage that threatens our national security and economic health. And this is the meaning of the theme of the conference, bilingualism: in the national interest.

The United States must capitalize on its natural linguistic resources, the richest in the world, if it is to retain its world position. Bilingual education should be used as the foundation for a national program to expand the linguistic competencies of all Americans.

Senator, thank you very much.

Senator WEICKER. Thank you very much. Let's hit one aspect of your speech. If I'm not mistaken, and you correct me if I'm wrong, but in the areas that you touched upon as to Hispanic, et cetera, the unemployment rate among that minority area, young people, et cetera, is close to 40 percent, isn't it?

Dr. SANTIAGO. It is.

Senator WEICKER. I don't know what the economic cost of that is, but believe me, it's got to be 100 times what we're talking about in the way of moneys asked for this budget, that the American people are going to have to put out for these unemployed, compared to giving them the capacity to become earners in the marketplace.

Dr. SANTIAGO. Exactly. And what I heard today about vocational education, I can support that 100 percent because I don't look upon this as an expenditure——

Senator WEICKER. That's right.

Dr. SANTIAGO [continuing]. But as an investment that will pay off a hundredfold. Yesterday, I was in Baltimore attending the Northeast Conference on the Teaching of Foreign Languages. They are making the same plea. The question of bilingualism being in the national interest, it doesn't need a question mark. It is a fact that this Nation cannot survive or continue to compete with Germany and with Japan or the other countries in the international market unless it can do so in the language of the customer.

You can buy in any language, but you cannot sell in any language. The most important language to a businessman is the language of his customer. And that is what bilingual education will do. Besides saving money on the nation of immigrants that you mentioned, what it also does is that it makes the United States more competitive. I don't see how anybody can be against making the United States more competitive in 1983.

So bilingualism is in the national interest. And it's not only the bilingual education advocates, but the foreign language advocates and the people who teach English as a second language.

I wish that that would become clear to many more people. Otherwise, we spend a lot of time arguing unproductively about facts that should be common knowledge.

Senator WEICKER. I thank you very much for your testimony, Dr. Santiago.

Dr. SANTIAGO. Thank you.

[The statement follows:]

STATEMENT OF DR. RAMON SANTIAGO

My name is Dr. Ramon Santiago. I serve as Legislative Counsel to the National Association for Bilingual Education. NABE appreciates the opportunity to testify on the Reagan Administration's FY 1984 appropriations request for the bilingual education programs authorized under ESEA Title VII and the Vocational Education Act.

NABE is a nonprofit professional organization dedicated to recognizing, promoting, and publicizing educational excellence through bilingual education. NABE has 32 affiliates and numerous local chapters; its membership is comprised of parents, teachers, administrators, and educational researchers.

Mr. Chairman, NABE commends you and this Subcommittee for your efforts to develop a Federal spending program that is responsive to the nation's urgent needs. Your efforts are especially important given the President's indefensible and intransigent posture on Federal domestic spending.

We also commend the Subcommittee and Congress for refusing to approve President Reagan's FY 1983 recission request. The rejected recissions, like the Administration's FY 1984 budget proposals, conflict with the needs and aspirations of the American people.

Background

Fifteen years ago, Congress passed the Bilingual Education Act. That Act was meant to halt a cycle of educational discrimination and neglect which deprived limited-English-proficent (LEP) language-minority students of the equal opportunities to which they were morally and legally entitled.

Prior to the passage of Title VII, most schools were unprepared -- and some schools were unwilling -- to provide intelligible instruction to non-English speaking children. As a result, countless language-minority students dropped out of school; others graduated but were unprepared for the labor market and for life in an increasingly competitive and complex society.

Program Accomplishments

Despite chronic underfunding, Title VII has improved the educational opportunities of language-minority students. Since the beginning of the program, approximately 700 school districts in 48 States and Outlying areas have received assistance to develop their "capacity" for serving language-minority students under the competitive Title VII basic grant program.

Title VII basic grants have supported a wide range of local capacity-building activities including curriculum and program design, materials development, and personnel recruitment and training. Parental involvement has been a significant feature of the local programs supported by Title VII basic grants.

Title VII grants to school districts implementing voluntary or court-ordered desegregation plans have improved the educational opportunities available to language-minority students. Moreover, Title VII demonstration grants have helped local school districts develop programs for special groups of language-minority students including preschool children, exceptional children, recent immigrants, potential dropouts, and high school students preparing to enter the job market.

In addition to direct grants to local education agencies, Title VII has supported national efforts to train teachers and school personnel serving LEP students, to improve research relating to language acquisition, and to increase the availability of instructional materials suitable for children from diverse language and cultural backgrounds.

While a majority of Title VII assistance has been directed towards programs serving Hispanic students, especially Mexican Americans, Puerto Ricans, and Cuban Americans, students from over 90 different language groups have benefited, directly and indirectly, from Title VII-sponsored programs.

Despite limited funding and a long-term focus on "capacity building", Title VII has already produced measurable education gains for LEP students. These gains, documented in local and state-wide evaluations, include improved academic achievement test scores, reduced rates of school dropout and student absenteeism, increased community involvement in education, and enhanced student self-esteem.

Moreover, the bilingual vocational training programs authorized under the Vocational Education Act have proven to be extraordinarily effective in reducing unemployment. A recent Education Department report noted:

> Bilingual vocational programs have been generally effective in helping to reduce unemployment and to increase job earnings of limited-English-proficient trainees. The programs have been effective across a rather wide spectrum of geographic areas, trainee groups and occupational skill areas, indicating that the programs have considerable potential for helping to alleviate the employment problems of this population.

Unmet Needs

Education Secretary Bell recently transmitted to Congress a report entitled "The Condition of Bilingual Education in the Nation, 1982." The Secretary's report provides dramatic evidence of our ongoing inability to meet the special educational needs of LEP students. According to the Secretary's report:

> The Title VII program is currently serving about 10 percent of the total universe of LEP students as defined under Title VII.
>
> Although local school districts and States are making an effort, schools in general are not meeting the needs of LEP children. Only about a third of the 2.4 million [LEP] children aged 5 to 14 identified in a 1978 study are receiving either bilingual instruction including instruction in English or instruction in English as a second language without the use of their home languages.

Many schools are not assessing the special needs of language minority children. They are not assessing the English language proficiency of these children, much less the home language proficiency, as a basis for planning programs and providing services.

From 67,500 to 72,500 teachers with bilingual qualifications would be needed to implement bilingual education programs for all LEP children who are concentrated sufficiently to make programs feasible.

The current inability of schools to provide needed educational services to LEP students is certain to worsen according to the population projections set out in the Secretary's 1982 report. While the general school-age population is expected to increase by 16 percent between now and the year 2000, the Education Department projects that the number of LEP students will increase by 35 percent by the end of the century. Quite simply, the LEP student population is growing more than twice as fast as the overall student population.

Impact of the Reagan Budget Request

Despite the shocking evidence contained in Secretary Bell's report, President Reagan proposes to slash Title VII funding by $44 million, reducing appropriations from the current level of $138 million to $94.5 million.

As you know, Title VII has already sustained deep budget cuts and bilingual programs, like other education programs, have been ravaged by inflation. In FY 1980, Title VII funding came to $171 million. If the FY 1980 funding level was simply adjusted for inflation, Title VII would receive 285 percent more than the $94.5 million currently requested by the Administration.

If the President's proposed cuts were approved:

o 40,000 fewer children would be served under the basic grant program;

- 198 school districts would lose basic grants;
- desegregation grants would be eliminated;
- 2,000 fewer graduate and undergraduate students would receive degree-oriented training in bilingual education;
- materials development activities would be terminated; and,
- funds for bilingual vocational training, training institutes, SEA technical assistance, studies and evaluations, the Clearinghouse, and the Advisory Council would be cut by varying amounts.

These cuts in services would have a devastating impact on language-minority students and the financially hard-pressed schools they attend.

Increased Title VII Funding & Federal Responsibility

There are currently more than 3.5 million LEP students enrolled in the nation's schools. A majority of these students receive inferior instruction. To improve the educational opportunities available to LEP students, massive resources are needed. Although public education is primarily a function of State and local governments, there are at least four compelling reasons why Congress should increase Federal Title VII funding.

First, a student's right to intelligible instruction is a right protected by Federal law. Under both Title VI of the Civil Rights Act of 1964 and the Equal Educational Opportunities Act of 1974, local school districts have an affirmative obligation to remedy the English language skill deficiencies of language-minority students.

Second, the presence of most language-minority students in our nation's schools can be directly traced to actions of the Federal government. Some of the actions, including acquisition of territory formerly controlled by Indian Tribes and other non-English-speaking nations, occurred long ago. Other Federal actions, like the Vietnam War, are not so remote. Indeed, the size of our language-minority student population continues to grow because of US actions, both overt and covert, around the globe.

Third, this nation cannot afford to waste the productive potential of millions of its citizens. The rate of unemployment and underemployment of language-minority citizens -- especially Indian, Hispanic, and Indochinese Americans -- is intolerable. The improvement of education is imperative for the future economic productivity of language-minority citizens and the well-being of this society.

Fourth, the bilingual education programs funded by Title VII have the potential for alleviating our critical national shortage of bilingual personnel -- a shortage that threatens our national security and economic health. The United States must capitalize on its "natural" linguistic resources -- the richest in the world -- if it is to retain its world position. Bilingual education should be used as the foundation for a national program to expand the linguistic competencies of all Americans.

STATEMENT OF EILEEN D. COOKE, DIRECTOR, WASHINGTON OFFICE, AMERICAN LIBRARY ASSOCIATION

Senator WEICKER. The next testimony is from Eileen Cooke, director of the Washington office of the American Library Association.

Ms. COOKE. Thank you, Senator. It's a pleasure to be here again to testify before you. We appreciate the opportunity. I point out that you have a summary of our recommendations for funding of various library programs on the green sheet that we appended.

The American Library Association is a nonprofit association of some 38,000 people—librarians, trustees, educators, and other friends of libraries dedicated essentially to the improvement of library service for people from all walks of life.

We're here again to voice our distress and frustration with the administration's repetition of last year's zero funding for library programs. So determined is the administration in this intent, that last year it illegally withheld for 6 months a portion of the LSCA funds until a lawsuit involving 10 States, three adverse GAO opinions, and the expiration of the rescission consideration period forced release of the funds.

Congress did not agree to the rescission, firmly rejected the fiscal year 1983 zero budget, and recently, we're very pleased to say, included public library construction funds in the emergency supplemental.

At hearings earlier this year, your subcommittee heard the administration's rationale for eliminating library programs. It boiled down to two arguments—the programs have been so successful, we should stop them. We're doing so little, we should do less.

ALA rejects both arguments, as does the subcommittee, based on the many penetrating questions that were asked and the inadequate answers that the Department of Education witnesses gave.

One question which applies to all of the programs is: What other funding sources would be available to take up the slack if Federal library programs are eliminated, as the administration contends would be the case? Sources mentioned by agency witnesses were the National Endowment of the Humanities, the National Center for Education Statistics, the National Institute for Education, and the National Commission on Libraries and Information Science, in addition to private funding.

As a substitute for LSCA and HEA programs, this list falls woefully short. For example, only the National Endowment of the Humanities makes grants to libraries directly and only under certain of its programs. Budget cuts proposed for NEH were 50 percent in fiscal 1982, 27 percent in 1983, and 19 percent for 1984. Actual NEH funding is down 14 percent since 1981 and the Endowment made no challenge grants last year. This year, its public library program has been reorganized out of existence.

The administration has pointed out that LSCA has stimulated the establishment of library service in many counties previously without service, as well as State aid programs in most all States. These are splendid accomplishments, but the provision of buildings, bookmobiles, and books does not assure that adequate service will continue.

Many small rural libraries do not have telephones. Many bookmobiles were pulled off the roads when gasoline prices increased. And even the books-by-mail program has become too expensive in many areas following the recent increase in library postal rates.

Public library use increases in recession time, for library services these days include such activities as adult literacy training, job information centers, consumer information, foreign language materials for recent immigrants, and special resources for the blind and physically handicapped, all often provided with LSCA assistance. But hours of service have been shortened, materials are often not kept up to date and computer technology has not been adopted by many small libraries.

According to the director of the ALA Public Library Association, libraries are at their most perilous and precarious position since the Depression days. It should require no sophisticated analysis by the administration, but simple common sense and observation to realize that States and localities couldn't possibly fill the gap left by zeroing out Federal funds, which have acted as a stimulant to better local and State support.

LSCA III has stimulated 49 States to participate in formal multistate cooperative organizations.

Before leaving LSCA, I want to express the heartfelt gratitude of librarians and trustees all across the country for the recent $50 million construction funds in the emergency job bill.

We have several other programs, such as the Higher Education Act, the college library resources, which are in dire need by many of the smaller institutions, and the library training, which has been devoted primarily to the training of minority, both men and women. Seventy-one percent of the title II–B money has gone to minority personnel. And one of the most important programs has to do with research libraries. They're a vital national asset relied on for source material, not only for library literary work and college texts, but for medical developments, for manmade blood vessels and heart components, and for inventions such as everyday items such as xerographic copying and polaroid photography.

One other agency that we'd like to speak for is the National Commission on Libraries and Information Science, which we think does an effective job with a very small staff.

And in closing, I'd like again to thank this subcommittee for its support over the years and hope that you will ignore the zero-budget recommendations.

Thank you, Senator.

Senator WEICKER. Listen, Eileen, I can assure you that the chances are excellent that we are going to ignore the zero funding. Senator Hatfield has been, of course, as you know, a great friend of the library systems of this Nation. I find it just preposterous that this Nation can consider itself civilized and at the same time request zero funding for libraries, that this Nation can issue a report such as we just saw on the status of education—how do you think you're going to achieve that without a library if you want to, indeed, raise the level of education in this Nation?

I realize there's no great sex appeal about libraries or museums or these types of things. This is what defines, however, a nation as a civilized nation. That's what enters into all of this.

I can assure you that your thoughts and your requests will be given serious consideration. I just find it really ludicrous for any leadership to come walking into an appropriations committee and ask for zero funding for libraries in this country.

I don't understand it at all. It makes me furious.

Ms. COOKE. Thank you, Senator. We appreciate your perception and that of the rest of the committee.

Senator WEICKER. Thank you. Your statement will be included in the record at this point, along with other statements submitted for the hearing record on fiscal year 1984 appropriations for libraries.

[The statements follow:]

STATEMENT OF EILEEN D. COOKE

My name is Eileen D. Cooke. I am Associate Executive Director of the American Library Association and Director of its Washington Office. ALA is a nonprofit educational organization of over 38,000 librarians, trustees, educators, and other friends of libraries dedicated to the improvement of library services. President Reagan said he was proposing to freeze domestic spending, but his budget for libraries is a "freeze" only in the sense that it repeats last year's proposal to eliminate the federal role in support of libraries.

So determined is the Administration in this intent that last year it illegally withheld for six months a portion of the Library Services and Construction Act funds for FY 1982 until a lawsuit involving ten states, three adverse General Accounting Office opinions, and the expiration of the rescission consideration period forced release of the funds. Congress did not agree to the rescission, firmly rejected the FY '83 zero budget, and recently included public library construction funds in the FY '83 emergency supplemental. Yet libraries once more face a devastating zero budget for FY 1984.

At hearings earlier this year, your Subcommittee heard the Administration's rationale for eliminating library programs. It boiled down to two arguments: (1) The programs have been so successful we should stop them. (2) We are doing so little we should do less. ALA rejects both arguments, as does the Subcommittee, based on the many penetrating questions asked and the inadequate answers given by Department of Education witnesses. My testimony will concentrate on the issues raised at the earlier appropriations hearings.

No Substitute for Federal Funds. One question which applies to all the programs is what other funding sources would be available to take up the slack if federal library programs are eliminated. Sources mentioned by agency witnesses were NEH, NCES, NIE, NCLIS, and private funding. As a substitute for LSCA and HEA II programs, this list falls woefully short. Only the National Endowment for the Humanities makes grants to libraries directly, and only under certain of its programs. Budget cuts proposed for NEH were 50 percent in FY '82, 27 percent in '83, and 19 percent in '84. Actual NEH funding is down 14 percent from FY 1981. The Endowment made no challenge grants last year, and this year its public library program has been reorganized out of existence.

As for the National Center for Education Statistics, it has been a struggle to keep library statistics from slipping off its priority list entirely. Its library activity, while essential, is hardly a substitute for library grant programs. The National Institute for Education rarely funds library and information science research. The assistance the National Commission on Libraries and Information Science provides to libraries is indirect. Its main function, and one ALA strongly supports, is to advise the President and Congress on library and information service policy. It, too, was zero budgeted in FY 1983; an 18 percent cut is proposed for '84.

Many libraries receive a small amount of their support from individual donors, corporations, and foundations. Such funds take time and money to solicit and are unpredictable. Private funds are more likely to be available for trendy, highly visible or emergency projects than for service to special populations or ongoing interlibrary cooperative efforts. Competition for private giving is intense; it is not likely the amounts donated to libraries will increase at all, much less enough to make up for the elimination of federal library programs.

Library Services and Construction Act. The Administration has pointed out that LSCA has stimulated the establishment of library service in many counties previously without service, as well as state aid programs in almost all states. These are splendid accomplishments, but the provision of buildings, bookmobiles, and books does not assure that adequate service will continue. Many small rural libraries do not yet have telephones (50 percent of those in Vermont), many bookmobiles were pulled off the roads when gasoline prices increased, and even Books-by-Mail programs have become too expensive in some areas following the recent series of library postal rate increases.

Public library use increases in recession times, and no wonder, for library services these days include adult literacy training, job information centers, consumer information, foreign language materials for recent immigrants, and special resources for the blind and physically handicapped -- all often provided with LSCA assistance. But hours of service have been shortened, materials are often not kept up-to-date, and computer technology has not been adopted by many smaller libraries. Libraries, according to the director of ALA's Public Library Association, "are in their most precarious position since the Great Depression." It should require no sophisticated analysis by the Administration, but simple common sense and observation to realize that states and locals could not fill the gap left by zeroing out federal library funds.

LSCA III has stimulated 49 states to participate in formal multistate cooperative organizations, but LSCA support is still essential. The only current authority the Pennsylvania State Library has to work toward sharing of resources and equalization of access is through LSCA III. With LSCA help the St. Louis Public Library serves as a major resource center for a large two-state area. Local taxpayers could not carry the full burden, and per capita state aid was recently cut back because the city's population dropped. To reiterate, there is absolutely no evidence to suggest that any other sources would step in to replace the federal funds.

Before leaving LSCA, I want to express the appreciation of librarians across the country to you for providing $50 million in LSCA II construction funds in the FY 1983 emergency supplemental. It will be a good beginning toward the $2.3 billion needed in the 1981-85 period. Since almost $400 million of that is needed in FY 1984 alone, we recommend an additional $50 million in '84. About 20 percent of the 15,000 public library facilities are overcrowded or in need of renovation. In addition, each $50 million in LSCA II funds would immediately generate from 5,800 to 13,000 jobs (using AFL-CIO figures), depending on whether states and localities match at the minimum level, or at better than 2 to 1 as in past years under LSCA II.

Higher Education Act II-A, College Library Resources. Appropriations Committee Members in both House and Senate have expressed increasing concern that the current limited funding under this program provides too small a grant to too many institutions, regardless of need. We suggest a targeting amendment which would allow grants to be made only if the application provides assurance that the institution, because of the size of its library and its limited financial resources, is heavily dependent upon the grant for maintaining its programs and accreditation. We stand ready to work with the appropriate congressional committees on such an amendment.

Meanwhile we urge that the authorized amount of $5 million be provided. For most of the II-A recipients hard times have already arrived and termination of II-A would speed the downward spiral. About 10 percent of all eligible applicants are failing to meet the program's maintenance of effort requirement, indicating that institutional support for campus libraries is dwindling. Over 75 percent of the awards go to private two- and four-year colleges and public two-year institutions -- the schools most hard-hit by declining enrollments and persistent high inflation. A recent analysis of four-year college libraries concluded that well over half of these libraries fail to meet the minimal standards for adequacy of library resources.

HEA II-B Library Training and Research. Administration witnesses admitted they did not know to what extent minorities are under-represented in the library profession. Yet a 1981 ALA study shows professional staffing in libraries is only 5.8 percent Black, 4 percent Asian, 1.3 percent Hispanic, and 0.2 percent Native American. When these figures are seen in conjunction with Education Department testimony that 71 percent of the II-B fellowships have gone to minorities and 21 percent to minority institutions, and that 75 fellowship recipients would be without funding if the program were terminated, it is clear the II-B training program serves a pressing need. It should be continued and increased.

As for the II-B research and demonstration program, there are so few sources of research funding in library science that the thought of eliminating the few hundred thousand dollars in this program is beyond belief. Work in the last two years concentrated on defining the current research and education needs; this momentum should not be lost.

HEA II-C Research Libraries. Research libraries are a vital national asset, relied on for source materials not only for literary works and college texts, but for medical developments such as man-made blood vessels and heart components, and invention of such everyday items as xerographic copying and polaroid photography. It is no accident that large research complexes are located near major research library facilities. For Education Department officials to testify that the federal government has no responsibility for the health of research libraries, or that ED should abdicate its role to other agencies whose budgets are being cut, is simply irresponsible. The problems are so immense, they require a partnership between federal, state and private sources.

The Carnegie Corporation estimates that research library costs now double every 6 or 7 years. The average U.S. hardcover book now costs $30.59, and the average journal subscription $44.80, both up 15 percent from the previous year. The use of sulphates in paper manufacturing since 1850 means that many of the books published since then will not survive to the end of the century. What do these problems mean to an individual research library? The University of Michigan, for instance, increased its book budget 140 percent between 1970 and 1980, but purchased 20 percent fewer volumes than 10 years before. Forty percent of its 5,500,000 volumes are in weakened condition; 1,250,000 volumes will be too fragile to use by the year 2000.

With II-C assistance, tens of thousands of unique items have been acquired, preserved, and made accessible. Whether located at Harvard, a state university or a small independent research library, these items are available to researchers nationwide through computerized bibliographic networks, through interlibrary loan, and through reciprocal access.

Education Consolidation & Improvement Act Chapter 2 School Block Grant. The nature of federal assistance to elementary and secondary education changed significantly with the passage of ECIA Chapter 2, a block grant combining 28 programs including the school library resources program, the former title IV-B of the Elementary and Secondary Education Act. ESEA IV-B was last funded in FY 1981 at $161,000,000.

A recent survey by the American Association of School Administrators showed that of school districts responding to a sampling survey, 88 percent spent an average of $15,000 on title IV-B purposes in the 1982/3 school year. Fifty-six percent of the responding districts spent some funds on books and materials. These high percentages are not surprising, considering that for many small and private schools, IV-B was the only federal program in which they participated. Nationwide, IV-B provided 20 to 30 percent of all funds spent on school library resources and instructional equipment.

Whether this experience in the first year of the block grant will continue is uncertain. Past experience shows that when libraries receive funds under consolidation, there are likely to be "feast or famine" years, making sensible collection development and long-range planning difficult. School library collections must be current, responsive to curriculum needs and up-to-date technologically if students are to be well informed and literate. We recommend the authorized level of funding (still way below pre-block grant levels) in FY 1984, and no rescission of funds in FY 1983.

National Commission on Libraries and Information Science. Last year NCLIS was zero budgeted. For FY 1984 there is at least a funding recommendation, but at $553,000, an 18 percent cut from the $674,000 Congress provided for FY '83. This small, cost-effective, independent agency is uniquely authorized to advise both Congress and the President on library and information policy. In numerous ways, including attracting high level talent to volunteer on its task forces, NCLIS can make a major contribution toward meeting changing library and information needs and assessing the impact of technology on users of library and information services. We recommend the authorized level of $700,000 for FY 1984.

National Center for Education Statistics. For the second year in a row, the Administration has recommended a higher level ($3,747,000) of funding for NCES than Congress has provided ($8,589,000). We strongly urge a return to the FY '81 level of $8,947,000, which is also the current authorization. Available funding is stretched so thin that data collection schedules for library surveys have slipped, publication is often delayed for years, and dissemination of results is minimal. There is simply no substitute for accurate, objective, government sponsored statistics, and there is no other current source for library data.

National Library of Medicine. Federal support of the National Library of Medicine and the Medical Library Assistance Act is a recognition of the importance to the public good of acquiring, organizing, and disseminating medical research results and health information. Improved health care at lower cost can be achieved through adequate support of health information services. Information provided by clinical librarians results in improved treatment of patients more often than information from laboratory tests, and at much lower cost. We support the budget request of $41,963,000 for the National Library of Medicine, plus the authorized amount for the Medical Library Assistance Act. Extension bills are pending which would authorize for FY 1984 $10,500,000 (S. 773 in the Senate) or $10,000,000 (HR 2350 in the House).

Thank you for the opportunity to present the views of the American Library Association.

SUMMARY

1. Library Programs: U.S. Department of Education

	FY 1983 Appropriation	FY 1983 After Proposed Rescission	FY 1984 Reagan Request	FY 1984 Reconciliation Level & ALA Recommendation
Library Services and Construction Act				
Title I, Public Library Services	$ 60,000,000	no change	-0-	$ 65,000,000
II, Public Library Construction	50,000,000*	---	-0-	50,000,000*
III, Interlibrary Cooperation	11,520,000	no change	-0-	15,000,000
TOTAL LSCA	$121,520,000		-0-	$130,000,000

* $50 million for LSCA II was included in PL 98-8 (HR 1718), the emergency jobs supplemental. The Reconciliation Act (PL 97-35) extension of LSCA left the statutory language in place, but authorized no appropriations for LSCA II.

Higher Education Act				
Title II-A, College Library Resources	$ 1,920,000	no change	-0-	5,000,000
II-B, Lib. Training, Research and Development	880,000	no change	-0-	1,200,000
II-C, Research Libraries	6,000,000	no change	-0-	6,000,000
TOTAL HEA	$ 8,800,000		-0-	$ 12,200,000
Education Consolidation & Improvement Act				
Chapter 2 El. & Sec. Educ. State Block Grant*	$479,420,000	$476,879,000	$478,879,000	$589,368,000

* Forward funded consolidation of over 30 programs including the former ESEA IV-B School Library Resources and Instructional Equipment program.

2. Other Programs

The American Library Association supports the authorized levels for the following:

National Commission on Libraries and Information Science	$ 700,000
National Center for Education Statistics (incl. library surveys)	$ 8,947,000

The American Library Association supports the budget request of $41,963,000 for the National Library of Medicine, plus the authorized amount for the Medical Library Assistance Act. Authorization of $10,000,000 for MLAA is pending in the House (HR 2350), $10,500,000 in the Senate (S. 773).

3. FY 1983 Rescission Request

The American Library Association recommends that Congress take no action on the rescission requested for FY 1983 for the ECIA Chapter 2 school block grant, thus retaining the current funding level for the remainder of the fiscal year.

LETTER FROM SHIRLEY ECHELMAN, EXECUTIVE DIRECTOR, ASSOCIATION OF RESEARCH LIBRARIES

April 29, 1983

Honorable Lowell P. Weicker, Jr.
Chairman, Subcommittee on
Labor-HHS-Education Appropriations
U.S. Senate
Washington, D.C. 20510

Dear Senator Weicker:

I am writing to request that this letter be made part of the hearings record on FY 1984 appropriations for federal library programs. This request is made on behalf of the Association of Research Libraries, a non-profit educational association whose 114 institutional members include the largest university and independent research libraries in the United States. Because our mission is to strengthen the ability of research libraries to support scholarship and research, we oppose the Administration's repeated efforts to end federal support for library programs. Our members are grateful that Congress did not agree to this elimination of funding in FY 1983.

The Administration's request for zero-funding for both the Library Services and Construction Act and Title II of the Higher Education Act would put an end to two highly successful and desperately needed federal programs. This would certainly be "penny-wise and pound-foolish" at a time when our nation shows signs of falling behind other countries in high technology research, development, and production, and when our citizens are less well educated than those in other countries. The National Commission on Excellence in Education warns that the way to combat the dangerous "tide of mediocrity" now present in American education is to form a "learning society," where education is highly valued. Public academic, and research libraries are an essential component of a "learning society".

The Library Services and Construction Act stimulates state funding for public libraries and supports important, innovative library activities in every state. LSCA Title I funds help to maintain state library agencies which plan and organize needed services and initiate special programs for groups that would not otherwise be served. There is no substitute for these funds: states are already contributing to the extent possible and the private sector rarely funds operations with such broad impact. LSCA Title III funds support regional library resource sharing, a necessity when book prices rise at a rate of 14% per year and no single library can keep up with the large volume of material published on the subjects of interest to its users. Zero funding for LSCA III would terminate many cooperative projects and reduce many others. We recommend funding both titles at the FY 1984 reconciliation levels: $65,000,000 for Title I and $15,000,000 for Title II.

While on the subject of LSCA, we would like to take this opportunity to thank Congress for providing $50,000,000 for LSCA Title II construction funds in the FY 1983 emergency supplemental. Since that Title had been unfunded since FY 1974, libraries have accumulated quite a list of badly needed construction and renovation projects; that $50,000,000 can be put to use quickly. Since libraries estimate that they will need over $400,000,000 to tackle FY 1984 renovation projects, we recommend an appropriation of $50,000,000 for LSCA Title II in FY 1984.

The programs of Title II of the Higher Education Act have made a considerable difference in the ability of academic libraries to serve their clientele. Beyond that, research and demonstration projects funded through Title II-B and projects funded by Title II-C have had an impact on our national capability to support vital research. The collections of our research libraries are an essential national resource, and they are a resource that is increasingly difficult to maintain. In 1982, U.S. university libraries added 15% fewer books to their shelves than they did in 1976, yet they spent 69% more for acquisitions. And the collections that are on research library shelves are rapidly deteriorating. Recent studies at several university libraries show that between 26 and 45% of their collections are irreversibly embrittled; millions of volumes are in unusable condition. The private sector alone cannot maintain this national resource. Last year, 40 research libraries used Title II-C funds to organize and preserve collections and to acquire unique material. These projects could not have been undertaken without federal funds.

Another Title II program that requires continued funding is the II-B fellowship program. Seventy-one percent of II-B fellowships have gone to minority individuals, many of whom could not have otherwise become librarians. Members of the Association of Research Libraries are anxious to recruit more talented minority librarians to their staffs. In 1982, only 3.3% of ARL librarians were black, 1.4% were Hispanic, and 5.6% were Asians or Pacific Islanders. A strong II-B fellowship program will help us to increase these numbers.

We recommend that HEA Title II programs be funded at the reconciliation levels for FY 1984: $5,000,000 for II-A, $1,200,000 for II-B, and $6,000,000 for II-C.

We hope our recommendations are helpful to you, and that you will agree with us about the need to continue federal library programs. Thank you for receiving our written testimony.

Sincerely,

Shirley Echelman

Shirley Echelman
Executive Director

STATEMENT OF ANDREW M. RIPP, VICE PRESIDENT, INTERNATIONAL BROTHERHOOD OF ELECTRICAL WORKERS

Senator WEICKER. Andrew Ripp, vice president of the International Brotherhood of Electrical Workers.

Mr. RIPP. Good morning, Senator.

Senator WEICKER. Good morning.

Mr. RIPP. I'd like to introduce Mr. William Mahoney, counsel for the RLEA.

Senator WEICKER. Mr. Mahoney, nice to have you here.

Mr. RIPP. My name is Andrew M. Ripp. I am chairman of the Railway Labor Executives' Association on the Railway Labor Act and vice president of the International Brotherhood of Electrical Workers.

I appear before you on behalf of virtually all railroad workers in the United States.

I have a prepared statement. I wish that it be received as read into the record.

Senator WEICKER. That will be included in the record in its entirety.

Mr. RIPP. The members of the RLEA unanimously oppose the attempt by the National Mediation Board and the Office of Management and Budget to destroy the National Railroad Adjustment Board, an agency created by Congress in 1934 to provide justice to railroad employees and to preserve peace in the railroad industry of this country.

Because of the lack of funds in 1982, the Board was suspended for 4 months last year and this year, probably for 5 months. We received the notice on April 20, 1983, that the Adjustment Board will cease its activities on May 30 of this year and this year will be even worse because the requested appropriations are the same, but salaries of the neutrals have been increased.

In addition, the Mediation Board is taking $115,000 from the Adjustment Board, giving it to the Special Board neutrals and closing the offices of the members of the Adjustment Board. The Mediation Board Chairman, Mr. Harris, has testified that this money should be used for referees to decide cases.

In 1934, rail labor gave up the right to strike over contract grievances for the creation of a full-time compulsory arbitration board to decide those grievances. Now we not only have a halftime board, but the National Mediation Board and the Office of Management and Budget would have us have no board at all by depriving the Board members of their offices. Without a functioning Adjustment Board, there can be no supplemental Special Boards; without functioning boards of adjustment, rail labor has the right to strike over each and every grievance that is left unresolved. And there are more than 16,000 of them now pending.

It seems clear to us that the National Mediation Board and the OMB don't know or don't care what the Railway Labor Act requires or how the law was developed. First of all, the law requires the Adjustment Board to continue in session so long as there is business pending before it. There are now 2,174 cases before the Adjustment Board and some 14,000 cases pending before the Special Board of Adjustments.

Second, the law requires the Mediation Board to pay the compensation and expenses of the neutrals of the Adjustment Board. The National Mediation Board and the OMB would, in effect, repeal each of these statutory requirements by budget cuts.

What will the United States save if it wipes out the Adjustment Board and the special boards and creates this enormous disruption to labor peace and rail transportation in the United States? It will save just three ten-thousandths of 1 percent of the Federal budget. I cannot believe that anyone could accept such a recommendation in such circumstances as based on a very high level of intelligent consideration.

We respectfully submit the actions of the OMB and the National Mediation Board are ill-conceived, ill-considered, and ill-advised. They should be rejected by this committee and the Congress. The appropriation required by the National Railroad Adjustment Board to adequately perform its statutory duty, including the activities of the Special Board of Adjustments is $2,600,000, which would permit it and the special boards to operate without suspension and without the National Mediation Board or the OMB harassment. It should be provided by this committee and the Congress.

Thank you.

Senator WEICKER. Gentlemen, thank you very much. I'll take a very careful look at your request here. It's certainly in tune with most of the organizations that you represent. And if, indeed, our word was given, our word ought to be kept.

So we'll take a careful look at it.

Mr. RIPP. Thank you, sir.

[The statement follows:]

STATEMENT OF ANDREW M. RIPP

My name is Andrew M. Ripp. I am a Vice President of the International Brotherhood of Electrical Workers and a member of the Railway Labor Executives' Association. I appear before you as Chairman of the Association's Committee on the Railway Labor Act.

The Railway Labor Executives' Association is an unincorporated association with offices in Washington, D.C., whose membership consists of the chief executive officers of all of the standard national and international railway labor unions in the United States. The organizations whose chief executive officers are members of the RLEA are listed below:

American Railway & Airway Supervisors Association, Division of BRAC
American Train Dispatchers Association
Brotherhood of Locomotive Engineers
Brotherhood of Maintenance of Way Employes
Brotherhood of Railroad Signalmen
Brotherhood Railway Carmen of the United States and Canada
Brotherhood of Railway, Airline & Steamship Clerks
Hotel & Restaurant Employees and Bartenders International Union
International Association of Machinists & Aerospace Workers
International Brotherhood of Boilermakers & Blacksmiths
International Brotherhood of Electrical Workers
International Brotherhood of Firemen & Oilers
International Longshoremen's Association
International Organization of Masters, Mates & Pilots of America
National Marine Engineers' Beneficial Association
Railroad Yardmasters of America
Sheet Metal Workers' International Association
Seafarers International Union of North America
Transport Workers Union of America
United Transportation Union

I am here today to present to you the unanimous opposition of the members of the RLEA to the systematic attempts by the National Mediation Board and the Office of Management and Budget to destroy by the budget process an agency created by the Congress in 1934 and responsible for the peaceful resolution of tens of thousands of disputes in the railroad industry over the past 49 years.

The budget request for this year for the National Railroad Adjustment Board is the same as last year and last year's budget was insufficient because the Board had to suspend operations for four months in 1982 for lack of funds (yet the NMB declared a $302 thousand unused surplus) and will be required to suspend operations for 5 months in 1983. The coming year could well prove even worse as the NMB/OMB would shift $115 thousand from the NRAB to Public Law Boards and Special Boards of Adjustment which were designed as supplements to the NRAB thereby reducing NRAB funds from $941,000 to $826,000.

By the simple method of shifting budget numbers from one column to another the NMB and OMB seek to modify substantially Railway Labor Act processes that have worked well for a very long time. NMB and OMB would cause the elimination the very existence of the National Railroad Adjustment Board as indicated in a letter received on March 8, 1982, by the Chairman of the RLEA, Mr. Fred A. Hardin, from the Executive Secretary of the National Mediation Board and attached to this statement and more recently by the testimony of NMB Chairman Harris before this Subcommittee.

On March 22, 1983, NMB Chairman R.A. Harris testified before this Subcommittee. In Mr. Harris' statement we find the following with respect to the NRAB:

> "The Board presently provides private offices for railroad union and carrier representatives."

In Mr. Harris' Summary of Statement, he again stated:

> "The Board presently provides private offices for railroad union and carrier representatives. The administration believes it would be most cost effective to utilize this money to pay for referees who decide cases."

This statement of Mr. Harris' is most misleading as it conveys the impression that federal funds are being used for private purposes. The "railroad union and carrier representatives" constitute the National Railroad Adjustment Board both in fact and in law. Without those members there is no Board. The staff of the Board cannot function for the Board itself. Without the NRAB there can be no Public Law Boards or

Special Boards of Adjustment since they are specifically designated as supplements to the NRAB.

The advocates of the NMB/OMB proposal seem ignorant of the requirements of the Railway Labor Act with regard to the continuing operation of the NRAB. Section 3 First(s) of the Act reads as follows:

> "The several divisions of the Adjustment Board shall maintain headquarters in Chicago, Illinois, meet regularly, and continue in session so long as there is pending before the division any matter within its jurisdiction which has been submitted for its consideration and which has not been disposed of." (Emphasis supplied.)

Section 3, First (t) of the Act reads:

> "Whenever practicable, the several divisions or subdivisions of the Adjustment Board shall be supplied with suitable quarters in any Federal building located at its place of meeting." (Emphasis supplied.)

On October 4, 1976 the General Counsel of the Mediation Board in a legal opinion on this matter, stated:

> "These two provisions of the Act, taken together, clearly contemplate that so long as any business is pending before the NRAB the United States Government shall provide suitable quarters in the City of Chicago, Illinois, for the headquarters of the NRAB." (Emphasis supplied.)

There are some 2174 cases pending before the Board and some 14,000 cases pending before Special Boards and Public Law Boards.

The NMB/OMB would effectively remove these requirements of the law by cutting the Board's appropriation to the point that it is incapable of executing its statutory duties.

However, contrary to NMB/OMB's "Rationale" for their actions, the employees are not given a free ride through the arbitration process. The members of the Adjustment Board and the members of the Special Boards - other than neutrals - are paid by the industry parties they represent. The cost to the industry - labor and management - of this statutory obligation is about $2 million per year and is about equal to the federal cost of maintaining the Board. Consequently, the Board is maintained on about a 50-50 basis by the federal government and the industry.

The NMB/OMB proposal advocates are quite clearly ignorant of the origins of that which they seek to destroy as well as the effects of that destruction. The Railway Labor Act was designed to insure labor peace to the fullest extent compatible with the rights of management and employees in the rail industry. The continued operation of the railroads in the United States was, and remains, so uniquely essential to the welfare of this nation that the few times we have been faced with a nationwide railroad strike the Congress has intervened with the swift enactment of a law to prevent such a strike.

The law permits employees in other industries to strike over grievances or violations of their contracts or upon the expiration of their contracts; employees in the rail industry cannot do so.

The railroads were generally satisfied with the operation of the 1926 Act, hence it was difficult to secure from them agreement to submit to Congress a joint proposal of amendment to that Act. Eventually agreement was reached and, in addition to provisions prohibiting a carrier's interference with an employee's organizing rights, there was agreement to the establishment of a national adjustment board (as distinguished from system or regional boards) to be known as the National Railroad Adjustment Board. To secure that objective the railway unions were compelled to concede their right to strike over "minor" disputes. And, when in 1957 a union took the position that the Act gave it discretion to go to the Board or to strike over its grievance, the Supreme Court held otherwise and emphatically based its decision upon its conviction, clearly demonstrated in the legislative history of the 1934 Act, that labor had traded its right to strike over "minor" disputes for a standing arbitration board created and maintained by the federal government. In Brotherhood of Railroad Trainmen v. Chicago River and Indiana Railroad Company, 353 U.S. 30 at 37 (1957) Chief Justice Warren, speaking for a unanimous Court said:

> The change was made with the full concurrence of the national railway labor organizations. Commissioner Joseph B. Eastman, Federal Coordinator of Transportation and principal draftsman of the 1934 bill, complimented the unions on conceding the right to strike over "minor disputes" in favor of the procedures of the Adjustment Board. (Emphasis supplied.)

Recognition of this concession of the right to strike as the *quid pro quo* for a federally financed compulsory arbitration board is repeated throughout the two succeeding pages of the Supreme Court's opinion in the *Chicago River* case. This conclusion is confirmed by the independent observations of Mr. Gil Vernon of the University of Wisconsin, Eau Claire Campus which I understand is on file with this Subcommittee under the title "Public Funding for the Arbitration of Grievances in the Railroad Industry."

The Congress has made a number of significant changes in the Railway Labor Act since the NRAB was created and began functioning in 1934. At no time has the Congress indicated that the provision of office space by the federal government for Board members was not completely in keeping with the Congress' 1934 plan and desire. In short, the Congress has confirmed this practice which has existed since 1934.

The entire scheme of the Railway Labor Act is very different from that of the Labor Management Relations Act because one of the former acts major purposes was, and is, to reduce the occasion for strikes in the railroad industry to an absolute minimum. It has been praised by legislators, the courts and legal scholars alike for the manner in which it has accomplished that objective - an objective which NMB/OMB would now destroy.

If NMB/OMB achieve their goal this objective, the basis for the Supreme Court's decision in the *Chicago River* case will have been removed. There will be in law no compulsory arbitration requirement on management or labor in the railroad industry because there will be no place where the parties must submit their grievances to be arbitrated. Since the *Chicago River* decision held that rail unions cannot strike because of the existence of an arbitration board to which they must submit their "minor" disputes, it would seem quite clear that absent the existence of such a board, the rail unions will be able to strike over such disputes just as unions in other industries. That is a result we do not want.

A total appropriation of $2,600,000 is necessary to enable the Board (together with the Special Boards) to carry out its statutory functions and the objectives of labor peace so carefully designed into the Railway Labor Act. We urgently request that appropriation to permit the Board to do the job it was created to do and to eliminate the harrassment of the Board by the Mediation Board and the OMB.

March 2, 1982

Mr. Fred A. Hardin
Chairman
Railway Labor Executive Association
14600 Detroit Ave
Cleveland, OH 44107

Dear Mr. Hardin:

In accordance with the President's Fiscal Year 1983 proposed budget, effective October 1, 1982, all costs involved in the operation of Section 3 of the Railway Labor Act are to be assumed by the parties. This includes costs of neutral salaries and expenses and cost of space occupied by Members of the National Railroad Adjustment Board.

General Services Administration Federal Property Management Regulations require a 120-day notice for release of leased space. Therefore, it is necessary that you advise your intentions regarding the matter of retaining present space occupied no later than April 1, 1982. The space chargeable to the Railway Labor Executive Association amounts to 5,650 square feet, at an annual rental cost of $94,000. Also, you should make preparations for telephone service, office equipment and other items beginning October 1, 1982.

You will be kept advised as further information becomes available and additional plans are made to implement budgetary changes.

Sincerely,

Rowland K. Quinn, Jr.
Executive Secretary

STATEMENT OF OLE M. BERGE, PRESIDENT, BROTHERHOOD OF MAINTENANCE OF WAY EMPLOYEES

Senator WEICKER. Ole Berge, president of the Brotherhood of Maintenance of Way Employees.

Mr. BERGE. Good morning, Mr. Chairman.

Senator WEICKER. Good morning.

Mr. BERGE. My name is Ole Berge. I am chairman of the Railway Labor Executives' Association Committee on Railroad Retirement and I'm also president of the Brotherhood of Maintenance of Way Employees.

I appear before you today on behalf of the 400,000 persons actively employed in the rail industry and the 1 million persons receiving benefits under the railroad retirement system. We seek approval by this committee of the full $420 million appropriation required for fiscal year 1984 which would provide railroad retirees the pensions that Congress twice committed itself to pay—first in 1954 and again in 1974.

I have a prepared statement which I ask be received into the record.

Senator WEICKER. It will be printed in the record in its entirety.

Mr. BERGE. Thank you. The Federal Government does not subsidize railroad retirement to any extent. It does, however, subsidize the dual benefit or windfall benefit program. That program was created by Congress in 1954 over the unanimous opposition of the membership of the Railroad Retirement Board and nearly unanimous opposition of the rail labor unions, including my union. It removed a restriction against employees receiving the full benefits of both railroad retirement and social security when they qualified for both. Congress never appropriated sufficient money to fully cover this expense.

I will not review the history of the so-called windfall dual benefit problem, as that history is contained in my prepared testimony. But I would like to make a couple of notes with regard to it.

When Congress eliminated the windfall benefit in 1974, the Congress itself decided to retain for those people in whom it considered those benefits to have equitably invested and to pay for them on a level payment basis from 1976 through the year 2000. President Ford vetoed the bill because he felt that it would be too expensive, as it would place a $7 billion burden on the Treasury over the next 25 years.

But Congress overrode that veto, 360 to 12 in the House and 72 to 1 in the Senate. Yet, Congress has never appropriated the full amount which it promised in the 1974 legislation in order to pay the dual benefits to those in whom it had invested.

As a result, there's been a constant and direct drain on the railroad retirement trust fund to make up the difference between that which Congress appropriates for dual benefits and the amount necessary to pay those benefits. The effect has been to lower the trust fund by more than $1.8 billion.

In 1981, Congress enacted legislation designed to restore railroad retirement to full solvency by a number of changes in the law, including the placement of the dual benefits into a separate account to be paid for from general funds. Congress clearly should honor its commitment twice made to those employees to appropriate sufficient funds to pay its dual benefit obligation.

This means that instead of the $350 million currently proposed by the administration to pay those benefits, Congress should appropriate the full $420 million required to discharge its obligation to those pensioners for fiscal year 1984.

Thank you, Mr. Chairman.

Senator WEICKER. Mr. Berge, thank you very much for your testimony. We appreciate it.

[The statement follows:]

STATEMENT OF OLE M. BERGE

My name is Ole M. Berge. I am President of the Brotherhood of Maintenance of Way Employes and Chairman of the Committee on Railroad Retirement of the Railway Labor Executives' Association or RLEA.

The Railway Labor Executives' Association is an unincorporated association with which are affiliated the chief executive officers of all of the standard national and international railway labor unions in the United States. The organizations whose chief executive officers are members of the RLEA are listed below:

American Railway & Airway Supervisors Association, Division of BRAC
American Train Dispatchers Association
Brotherhood of Locomotive Engineers
Brotherhood of Maintenance of Way Employes
Brotherhood of Railroad Signalmen
Brotherhood Railway Carmen of the United States and Canada
Brotherhood of Railway, Airline & Steamship Clerks
Hotel & Restaurant Employees and Bartenders International Union
International Association of Machinists & Aerospace Workers
International Brotherhood of Boilermakers & Blacksmiths
International Brotherhood of Electrical Workers
International Brotherhood of Firemen & Oilers
International Longshoremen's Association
International Organization of Masters, Mates & Pilots of America
National Marine Engineers' Beneficial Association
Railroad Yardmasters of America
Sheet Metal Workers' International Association
Seafarers International Union of North America
Transport Workers Union of America
United Transportation Union

This nation's Railroad Retirement system antedated its Social Security System. In fact, the original Social Security Act based its tax benefit separation scheme on that developed in the 1935 Railroad Retirement Act. There are today some 1,000,000 persons receiving benefits under the Act, many of whom devoted their working lives to the railroad industry in large part because of the existence of the Retirement Act. Everyone of the persons actively employed in the industry today began his or her railroad career protected by the provisions of that Act.

A federal retirement act became necessary in 1934 for many reasons: The pension system of the railroad industry was ineffective and chaotic; the vast interconnected interstate operations of the very many railroads servicing the 48 states in 1934 made necessary a single uniform pension system fair to all railroad employees. Unlike the Canadian railroad retirement system which is privately maintained by the only two railroads in that country, the American railroad retirement system in 1934 consisted of separate retirement plans with a number of different unions on each of very many railroads then operating in the United States. Employees who left the service of one carrier for employment with another lost their pension credits; the qualification requirements were so high that few, if any, employees ever saw a pension check (an analysis of railroad pension benefits for the years 1925 to 1928 showed that only 17% of employees in the railroad industry would ever receive a pension - ranging from a low of about 8% for maintenance employees to about 30% for train and engine service employees); the amounts of the pensions were much too small (25% were less than $30 per month; the average was $54 per month; 2.6% exceeded $100 per month); and they were reduced beginning in 1932 by amounts ranging from 10% to 40%.

This Congress and the Supreme Court of the United States have recognized that the efficiency and effectiveness of our vital rail transportation system suffers through loss of employee morale when the demands of justice are ignored. The Congress realized the validity of that principle in 1934 and enacted the Railroad Retirement Act of 1934, which, after failing the test of constitutionality, was re-enacted in 1935 and has been an integral and very significant part of every railroad employee's life since that time.

The problems which had occurred over the years were virtually all corrected by the 1981 amendments. In 1954, over the objections of the entire membership of the Railroad

Retirement Board and most of the railway labor organizations including my own organization, the Congress eliminated the so-called "dual benefit" restriction thereby allowing employees who qualified for both railroad retirement and social security benefits to receive the full benefits of both. This allowed those employees to take advantage twice of the benefit formula "weighting" favoring lower income individuals. The result was that these people got a higher social security level benefit than persons with the same amount of total employment, all of which was performed under one system or the other. For example, a person receiving $112 from both systems under the "dual benefit" restriction would receive about $139 per month upon repeal of that restriction. In 1954, it was estimated that repeal would place an unwarranted long-term burden upon the railroad retirement system of $385 million. However, with the onset of inflation, that drain became substantially greater. The unfunded portion of the payment was a direct drain on the Railroad Retirement Trust Fund.

In 1974, the Congress removed the provisions for dual-benefit for the future but provided that it had to be phased out through those in whom it had equitably vested. The 1974 Act authorized appropriations from general revenues for the phase-out of dual benefits. The amounts authorized were to be sufficient to fund on a level payment basis over the years 1976-2000, the dual benefit for new accruals and for beneficiaries on the rolls. The annual amount was to be reviewed every 3 years at the time of each actuarial valuation. The first three transfers were $250 million each, the fourth and fifth were $313 million each, and the sixth was $350 million. However, the cost of the phase-out program was substantially more than the amount estimated and very substantially more than the funds appropriated. The result has been devastating to the Retirement Trust Fund. Because the Fund made up the difference between the amount appropriated for dual benefits and the actual cost of those benefits, it is now about $1.8 billion poorer than it should be. Obviously, for such a drain to continue would utterly destroy the Railroad Retirement System. And we believe it to be most significant that no employee who spent his entire working life in the railroad industry has received one cent of dual benefits and yet his pension is now threatened by the huge unreimbursed withdrawals from the Trust Fund to pay those benefits.

In 1981 the Congress enacted amendments to the Railroad Retirement Act which eliminated any real basis of opposition to the system's continuation as a federal institution. Those amendments isolated the dual benefit obligation into a separate account to be paid out of general revenues with authority in the Board to reduce that benefit if Congress decided not to honor the commitment it made in 1954 when it lifted the dual-benefit restriction. Indeed, the Congress did not provide sufficient funds to pay full dual benefits and the Board had to reduce that portion of the pensions to retirees by 15% for FY 82.

I appear before you today on behalf of the 400 thousand persons actively employed in the rail industry and the one million persons receiving benefits under the Railroad Retirement system. To seek approval by this Committee of the full $420 million appropriation required for Fy 84 which would provide railroad retirees the pensions Congress twice committed itself to pay -- in 1954 and again in 1974. Congress clearly should honor its commitment twice made to these employees to appropriate sufficient funds to pay its dual benefit obligation. This means that instead of the $340 million currently proposed by the Administration to pay the dual benefits Congress should appropriate the full $420 million required to discharge its obligation to these pensioners for FY 84.

STATEMENT OF PAULINE H. BROOKS, DIRECTOR OF DEVELOPMENT, CHILDREN'S TELEVISION WORKSHOP

Senator WEICKER. The next witness is Pauline Brooks, director of development, Children's Television Workshop—CTW.

Ms. BROOKS. Good morning, Mr. Chairman. I'm glad to be here today, and I'd like to talk about the problems of maintaining an adequate level of quality educational television for this Nation's children.

Specifically, I would like to urge the subcommittee to support the appropriation for the Corporation for Public Broadcasting—CPB—of $130 million for 1986, or more if the authorization is increased.

And also, to encourage the Department of Education to reserve and use funds for educational television specifically in the areas of science and math.

The Children's Television Workshop has a direct interest in these appropriations, since funds from the Corporation for Public Broadcasting will be used by public television stations to help support "Sesame Street." Also, both CPB and the Department of Education have provided funding for a second season of "3-2-1 Contact," which is our award-winning series that makes science more fun and more understandable for millions of 8- to 12-year-olds.

Quality educational television can be a very effective means of reaching large national audiences at relatively low cost. For example, with repeat airings, "3-2-1 Contact" costs 1 penny per person per viewing and for "Sesame Street," the impact is quite staggering. Each year "Sesame Street" receives well over 1 billion viewings in this country at a cost of much less than 1 penny per viewing.

The Department of Education has helped make these programs possible. It funded "Sesame Street" and "The Electric Company" for many years, as well as two seasons of "3-2-1 Contact." Now, more and more funds are going to the States in block grants and we can't comment on the effectiveness of this policy, but we do know that it is not going to make possible national television initiatives.

We hope that you will recommend that funds be made available at the national level for important educational television programs in subjects such as science and math.

To highlight how essential it is that funding for educational television come from agencies such as the Department of Education and CPB, I would like to cite the example of "3-2-1 Contact." For 2 years after an extremely successful first season, CTW sought renewal of funding from businesses for a second season with no success at all. The reduced funding means that our second season will consist of only 40 programs rather than 65. And CTW created "3-2-1 Contact" because of our firm belief that science education for young children is quite inadequate.

This Nation's industrial leadership rests on science and technology. But these fields are not very appealing to young kids and we need to get them turned on to these subjects way before they reach college.

Children spend more time watching television than they do in school. Largely because of Federal support, public television, which is not a frill or a luxury, offers them appealing and constructive alternatives to commercial programing, alternatives they obviously want and enjoy.

The projected additional cutbacks now being proposed for the Corporation for Public Broadcasting will not only make it impossible to do vitally needed programing, but, indeed, threatens public television itself. Public television and the Department of Education have provided our children with programs that are now an essential part of their education. Kids don't vote and they must count on this subcommittee and Congress to speak out for them.

I'm sure that you will continue to do so. Thank you.

Senator WEICKER. Thank you very much. I couldn't agree more as to the quality of the programing in the children's area on public broadcasting. I think you do an outstanding job. You're a great credit to your profession and for whatever role the Federal Government had in it, which you indicate is of some importance, believe me, it stands as a high watermark.

I also happen to belong to the school that feels that we can do so much more in education through television. I think that we have just scratched the surface, really.

Ms. BROOKS. I couldn't agree with you more.

Senator WEICKER. Thank you very much for your testimony.

[The statement follows:]

STATEMENT OF PAULINE H. BROOKS

Thank you for the opportunity to appear before you today. I'd like to address the problem of maintaining a minimum level of quality educational television programming for this nation's children.

Specifically, I urge you and your Subcommittee to:

- -- support the CPB appropriation of $130 million for 1986, or more if the authorization is increased;
- -- encourage the Department of Education to continue to reserve and utilize funds for educational television, particularly in the areas of science and math.

I want to make clear that CTW has a strong and direct interest in these appropriations. Community Service Grants from CPB will be used by public television stations to help support SESAME STREET. In addition, funding has been provided by CPB and the Department of Education for a second season of 3-2-1 CONTACT, our award-winning series that aims to make science more appealing and understandable to millions of America's 8-to-12 year olds.

I should make clear also that CTW itself is a major financial contributor to public television. Earnings from our licensing and international television activities help fund our educational programs -- next year CTW will provide two-thirds of the costs of delivering SESAME STREET, for example.

In these days of harsh budget stringencies, it is important to note that quality educational television can be a very effective means of reaching large national audiences at relatively low cost. For example, with repeat airings, 3-2-1 CONTACT costs one penny per person per viewing.

For programs like SESAME STREET, the impact is staggering. Each week more than 10 million different households in this country view an average of two programs. Each year, assuming conseratively that only one person per household watches the show, SESAME STREET receives nearly one billion, four hundred million viewings in this country — at a cost of much less than one penny per viewing -- and now none of those pennies come directly from federal appropriations.

National distribution by public television stations makes these series universally available to affluent and economically depressed areas alike.

The Department of Education has helped make these programs possible. It funded SESAME STREET and THE ELECTRIC COMPANY for many years, as well as two seasons of 3-2-1 CONTACT. Now more and more DE funds are going to the states in block grants and although we cannot comment on the effectiveness of this policy, we do know that it is not going to make possible national television initiatives. We hope that your committee will recommend that funds be made available at the national level for important educational television programs in areas such as science and math.

I would like to cite the example of 3-2-1 CONTACT. For two years after the completion of a very successful first season, CTW sought renewal of corporate funding for a second season, with no success. The reduced funding means that our second season consists of only 40 programs rather than 65. This situation eloquently highlights the fact that future funding for efforts such as 3-2-1 CONTACT has to come from agencies such as the Department of Education and the Corporation for Public Broadcasting.

CTW undertook to produce -- and help fund -- 3-2-1 CONTACT because of our firm belief that science education for young children is inadequate and that public television is a cost-effective way of helping to meet this problem.

America's industrial leadership rests on science and technology. But the hard fact is that tnese fields are not very appealing to America's young people. These negative attitudes translate into pools of professional talent inadequate to a technological age, and no less important, a general population which is scientifically illiterate even though it will be called upon to make critical choices about the uses of science and technology -- from nuclear power to genetic engineering.

Let me add a word about the emerging role of the new technologies such as computers and video discs. These hold promise of adding powerful new means of providing education — which CTW and other organizations are actively exploring. However, the excitment of new technologies should not obscure the fact that it will be a considerable time before access will be available to large numbers of children, especially including disadvantaged.

At least through the 80's broadcast television will remain the technology which can deliver quality education to mass audiences on a cost-effective basis. It works, it is widely available and it is what most children will use to educate themselves. It would be ironic indeed if the promise of the long term future should rob our current generation of children the educational programming they need to learn.

All of our series reach a variety of audiences — both at home and in school -- and community activities relating to their goals take place around the country. 3-2-1 CONTACT, for example, has provided the springboard for projects with science museums, and the Girl Scouts of America has opened up new merit badge programs that specifically use 3-2-1 CONTACT as source material. In Washington, D.C. alone, over 10,000 merit badges associated with 3-2-1 CONTACT have been awarded to Girl Scouts.

Children spend more time watching television than they do in school. Largely because of Federal support, public television offers them appealing and constructive alternatives to commercial programming -- alternatives they obviously want and enjoy. (Preschool children, for example, watch SESAME STREET more than any commercial program). The continued success of public television's daily afternoon "children's block" of programs provides a basic educational service that millions of youngsters use and enjoy.

Public television is not a frill or a luxury. It is an essential component of America's educational system.

The projected additional cutbacks now being proposed for the Corporation for Public Broadcasting will not only make it impossible to do vitally needed programming but threatens public television itself. This is the system that has made it possible for virtually every child in the country to have access to quality educational television programs. If, for whatever reason of the moment, this system is torn apart, then we will be denying our children the educational programs that they deserve and we need to build a better future for all of us. If destroyed, it will be impossible to ever get the system back together again.

Mr. Chairman, America's children are this country's most vital resource. Public television and the Department of Education have provided programs that are now an integral part of their education. Kids don't vote, and they don't have their own lobbying group to speak out for them and their interests. They must count on this Subcommittee and the Congress to remember their needs. I hope you will continue to do so.

Thank you.

STATEMENT OF PAUL TAFF, GENERAL MANAGER, CONNECTICUT PUBLIC TELEVISION, NATIONAL ASSOCIATION OF PUBLIC TELEVISION STATIONS

Senator WEICKER. Our next witness, Paul Taff, general manager of Connecticut Public Television, of the National Association of Public Television Stations.

Paul, good to have you here.

Mr. TAFF. It's my pleasure, Senator.

Senator WEICKER. I had a lot of contact with Connecticut Public Television in the past year. How many debates did Connecticut Public Television air?

Mr. TAFF. Six senatorial.

Senator WEICKER. Six senatorial debates. I think that's the first time it's ever been done in the State, one in each of the congressional districts. And again, I feel that there is a tremendous service provided by public television.

On the same token, I think it's also a service provided by this incumbent Senator to go out there and have six debates. But I think that's exactly what ought to happen in politics. Everybody complains about the fact of the declining interest. Let's get out there and frame it in terms of the technologies of this day and age.

I think everybody in Connecticut would agree that that was quite an experience. I'll tell you all in this room how the best laid plans of mice and men can go astray. When my campaign manager met with Toby Moffett's campaign manager to determine the debate schedule, we agreed that we would have these debates. We felt that public television was the fairest way to handle it. Then my campaign manager suggested that they be on Mondays, I believe, which is when they were.

We did that because we felt, well, obviously, everybody would be watching the first debate. But then after the first debate, Monday night football took over. [Laughter.]

So we figured not too many people would be watching the subsequent debates. Well, as I said, sometimes the best laid plans of mice and men can go astray. If you all recall, we had a little football strike. The combination of no football and Mr. Moffett and I provided some good fireworks—believe me, everybody in Connecticut, after it was over, said, we don't want to go back to Monday night football. We want you and Moffett to continue to have these debates.

So if we were looking for a low viewing audience, we did not get it. It was an experience and, as I say, I think it was very much of a pioneering effort.

Paul, you've done a great job as head of public television in our State and I'm delighted to have you here. Go ahead and proceed.

Mr. TAFF. Thank you, Senator. We encouraged the strike by the way. [Laughter.]

You know, you gave me a good introduction to the first statement here after the amenities which I had at the start, because we firmly believe that our mission is local programs. But we do need the national interconnection system and the national programs on television and radio for the backbone of our schedule.

As you know, we have five television stations in Connecticut and two public radio stations. These programs are vital to our survival. And although we have diversified sources of income, we need the national support.

"Mister Rogers' Neighborhood," "Live from Lincoln Center," "All Things Considered," attract large audiences for us and then we keep them, so that they can see and hear our local programs which are about local people, places, issues, and events.

We pay for these out of our community service grants which are distributed by the Corporation for Public Broadcasting, and they're going down rather than up. A former Republican Congressman told me a few years ago when CPB was created, you've got it made. You've passed the toughest hurdle. Public policy has been established. There should be Federal support for public broadcasting. Your only problem now is to get and keep the appropriation at the proper level.

Well, not only is the appropriation going down, but it seems like the public policy decision is in jeopardy, too. It might even be destroyed.

We've heard it said that the users should pay for public broadcasting. But to me, that's like saying that the users of the libraries, the users of the museums or the national parks should pay for the full cost of their creation and operation. Public broadcasting is a national resource and a tremendous asset.

You know, with its systems of nationwide communications, both television and radio, ready to be called upon to meet identified national needs, it's something that really should be utilized.

I couldn't help but comment and think while some of the earlier people were talking about the needs in education, we've got the system to deliver it and deliver it all over the country, both radio and television.

As of today, however, many of us are managing at a reduced operating level. In Connecticut, we had to cancel local television programs in the arts and a requested and highly acclaimed nightly news program. We also cut back performance programs, local concerts, and dramatic performances. We cut expenses by about $25,000 by eliminating Saturday morning children's programs.

For those of us in the so-called middle class of public television stations, this sort of cutback is not out of the ordinary. To keep within reduced budgets and out of the red, we've been forced to cut services and asked the public to pay more for less.

In our radio operation, we were forced to reduce the staff and eliminate all local news programs, just at the time when more than ever before we needed listener support. We also had to fire publicity and promotion personnel. An even greater blow has been announced, and even some of the projected loss of well received programs from National Public Radio, just at the time when our audiences for them were increasing.

So, Mr. Chairman, we return to you and your colleagues in the Senate and the House and ask that you and the respective committees take a new look at the levels of Federal funding which are necessary to preserve this indispensable service. To prevent further destruction, at least cost-of-living adjustments for CPB are needed, specifically, a 5.6-percent increase over the fiscal 1983 funding level of $137 million. And this would bring it up to just the great figure of $145 million for 1984, $153 million for 1985, and $162 million for fiscal 1986, not a very large investment for the future of this country and of our youngsters.

We do hope that you will respond to the needs of public broadcasting now and in the future, as you have. And Mr. Chairman, I've added to the copy that I have brought along an editorial from the Bristol paper calling attention to our auction which was just completed. We raised about as much money on the auction as we were trying to get from the Federal Government. But as this says, only to stand still. And I think it's rather sad that we have to use a commercial activity, which I think we should not be doing, to support a noncommercial operation.

Thank you, Mr. Chairman.

Senator WEICKER. Paul, thank you very much. Also of concern to me is that there are those that feel that the private sector can take up your particular area of activity. If I'm not mistaken, didn't the recent venture by CBS cable, which was, I gather, somewhat in the area of the cultural activities which you broadcast, et cetera, didn't that go flat on its face?

Mr. TAFF. Yes, sir, it did. That was the second one to bite the dust.

Senator WEICKER. So if you guys bite the dust, that basically means that nobody is going to do it.

Mr. TAFF. That's quite right.

Senator WEICKER. That's what I read out of it.

Mr. TAFF. It just is not accurate to say that these reductions can be taken up, at least not as precipitously as the way it's been projected. Over time we may be able to replace some of this, but not the way it was suggested.

Senator WEICKER. I also concur with your remark where you say you are raising money, only to stand still—what a waste of opportunity as far as television is concerned.

Earlier I recited the story that related to our debates with Moffett and how everybody enjoyed them. However, Paul will also tell you there was one evening when they did not enjoy them. And that was the evening, I believe, that Pavarotti or somebody was due to perform in one of the operas and the opera was shoved aside for our debate.

Believe me, if I think I'm good, I'm not as good as Mr. Pavarotti. [Laughter.]

And I think Paul recognized that also.

In any event, let me assure you and let me assure Pauline and all those that are here on behalf of public television, I think the Congress feels very strongly as to its commitment to excellence and the potential that it holds for the Nation. I think the odds are very good that we'll be doing some adjusting of the budgetary figures before us.

Thank you very much. Your statement will be included in the record at this point, along with other statements submitted for the hearing record on appropriations for the Corporation for Public Broadcasting.

Mr. TAFF. Thank you, Mr. Chairman.

[The statements follow:]

STATEMENT OF PAUL TAFF

INTRODUCTION

Mr. Chairman and Members of the Subcommittee, I appreciate the opportunity to testify concerning necessary appropriations levels for the Corporation for Public Broadcasting. I am speaking on behalf of public television stations throughout the country who comprise the membership of the National Association of Public Television Stations. All of us are deeply grateful to you, Mr. Chairman, for your leadership, and to your colleagues on the Appropriations Committee for their support for public broadcasting, without which our service could not have survived these recent difficult years.

PUBLIC TELEVISION--A PUBLIC TRUST

Public television has become the most cost-effective public trust institution in America. Because it enters the viewer's home free of charge, public television reaches more Americans more frequently than any other public trust institution. Over 50% of all American families use our service weekly. That audience mirrors our society as a whole in racial balance, income level, educational achievement and employment patterns. As the only telecommunications service with a specific educational mandate, public television alone offers an equal opportunity for enlightenment to all Americans.

Our past record is merely a prologue to some promising new services to the public. These and our existing services as well, however, are threatened by diminished funding.

Hearing-Impaired Services: Last July, Connecticut public television began a news summary teletext service for hearing-impaired viewers in cooperation with the American School for the Deaf. A similar service was inaugurated this year in Nebraska with help from three state agencies. Nevertheless, at current funding levels, extension of this new service elsewhere will be limited. Even traditional services must be cut back; while CPB and local stations are striving to maintain previous levels of support for closed captioning of our regular programming, the total number of new captioned hours will drop--from nearly 400 in 1982 to 300 in 1983.

Health Services: WQED-TV in Pittsburgh, where teleconferencing was pioneered nearly a decade ago, recently affiliated with the Association of Hospital Television Networks to link cities throughout the country live-by-satellite. The station is also working with 25 national organizations on CHEMICAL PEOPLE, a series designed to overcome the illusion that drug and alcohol abuse "is not a problem in our community or school" and then help community groups form permanent task forces to combat the problem locally. The Maryland Center for Public Broadcasting is working with the State Department of Education to help train teams of local professionals and citizens to prevent drug and alcohol abuse.

Educational Services: In the fall of 1982, the Public Broadcasting Service (PBS) initiated a nationwide college-credit Adult Learning Service. Over 600 colleges and universities have participated in the program. Last fall's enrollment was up 37%, to 75,000 students, over the first fall semester. Those who benefit from telecourses are not only college-credit students. Here in Washington, D.C., for example, textbook sales (over 1500) for the computer course on WETA are three times as high as the number of enrolled credit students; 90% of those studying the course at 57 area worksites are not enrolled students, either.

At the elementary and secondary level, over 80% of our licensees deliver instructional programming to one-third of our nation's classrooms. In conjunction with the emergency science and mathematics legislation pending in the Senate, we propose to produce new teacher training and classroom instructional television material for high school science, mathematics and technology. With enactment of this bill, and appropriations from your Subcommittee, we can develop comprehensive instructional material ranging from high level college preparatory courses such as calculus and physics to "technological literacy" courses for our non-scientist population.

Agricultural Services: Five of our stations are pilot-testing a new joint venture between PBS and the U.S. Department of Agriculture. Up-to-the-minute price information and farm news from markets across the country--not accessible to farmers from any other single system--are now available using the same technology public television developed for closed-captioning for the hearing-impaired. In Iowa and Wisconsin, stations distribute local and regional farm news in the same way.

Legislative Services: We have inaugurated a new weekly CONNECTICUT LAWMAKERS; Texas and other states have started similar services. At the national level, Senators Andrews and Leahy chaired history-making regional hearings of the Agricultural Committee's Rural Development Subcommittee at their respective local public television stations. The hearings were broadcast not only live throughout

North Dakota and Vermont, but testimony was taken by telephone as well, which the Senate Rules Committee termed a groundbreaking effort in broadening the involvement of citizens in their government. In Miami, WLRN is creating a daily wrap-up of the state legislature expressly for high school students. The program uses two high school students as "anchors" and focuses on the progress of bills of special interest to the students.

National Broadcast Services: For children, two new series are airing this year--POWERHOUSE, designed to help preteens and teenagers deal with physical and mental health problems, and READING RAINBOW, to help first and second graders retain newly acquired reading skills over the summer months. Scheduled to debut in 1984 is a new 26-part drama series designed to attract the post-SESAME STREET and MISTER ROGERS audiences along with their families.

In prime time, we have begun a new weekly documentary series, FRONTLINE, and will be the first to offer an hour of daily news when we expand the McNEIL/LEHRER REPORT beginning this September.

IMPACT OF THE FEDERAL BUDGET CUTS

For today, many of us are managing at a reduced operating level. In Connecticut, we had to cancel local programs like NANCY SAVIN/THE ARTS and the weeknight news program CONNECTICUT PRIME TIME; we also cut back our series IN PERFORMANCE, featuring local concerts and dramatic performances. To save $25,000 per year, we dropped Saturday morning programming as well. For those of us in the so-called "middle class" of public television stations, these sorts of cutbacks are the norm. To keep budgets from going into the red, we have been forced to cut services and ask viewers to pay more for less.

Unlike most of the others, we have been able to add back some of this lost programming. We have restored SESAME STREET on Saturday mornings, but we will only be able to preserve our Saturday morning schedule with help from new corporate underwriters, underwriters which we have yet to identify.

Nationally, PBS has taken the same approach. It is in the second year of a four-year plan approved by member stations. To accommodate the federal cuts, staff was cut by 16%. Operating costs were reduced by the same percentage. In broadcasting, all cuts must show up eventually in programming. For PBS and the system, program distribution hours were cut 50%--a loss of 8,000 hours in a single year.

For tomorrow, we are eating our seed corn and reducing nationwide acreage.

. Eating our Seed Corn: New programs require substantial amounts of up-front capital. In the past, our producing stations could use available capital to begin new programs and seek additional funds as production proceeded. But today, we must divert scarce resources to preserving day-to-day operations. Major producers such as WNET and KCET can no longer produce new programming without a guarantee for all of the necessary funding up front. They simply can't afford to take risks. Thus, the amount of new programming "in the pipeline" is dropping back dramatically. Even existing series, such as AMERICAN PLAYHOUSE and FRONTLINE, are being scaled back. And many stations are finally running up against the problem of deferred equipment replacement. Our mounting "infrastructure" requirements cannot be ignored. The need to replace equipment will force many of us to cut back program purchases even further simply preserve our ability to broadcast anything at all.

. Reducing nationwide acreage: NAPTS has estimated that about 20 of our smaller stations are in danger of closing down. One signed off in April, another will do so within days. A few more may be gone in the next couple of months. So the Congressional mandate for a nationwide service established in 1962 is now starting to be eroded. For the rest of the system, it means fewer and fewer stations will be buying programming; thus, each program's cost-per-station will increase.

ALTERNATIVE FINANCING FOR PUBLIC TELEVISION

1. Public television stations did what President Reagan asked them to do before he asked. The only thing wrong with the idea that we seek support from the private sector is that it's not a new source of funds for public television; on the contrary, it is a long established practice. In fact, private support in the form of underwriting and auctions dates back to the 1950's. By the late 1970's, our growth was far more heavily financed by private sector sources than through federal funding increases.

- From 1978 to 1981, for example, the increase in federal appropriations allocated to television was only $15 million, because 55 cents of every incremental federal dollar was allocated to radio.
- By comparison, public television increased its support from businesses and subscribers by $73 million. These two private sources contributed five new dollars for every new federal dollar during these years.
- Public television's purchasing power actually decreased from 1978 to 1981 because total income lagged behind the increase in costs.

2. There are limits to growth in voluntary support; public television may be running up against them.

. Corporate Support: Between 1981 and 1982, the number of public television underwriters increased from 277 to 330 and total contributions rose by $5 million. But because the cost of the PBS schedule increased by 15%, underwriting's share of the cost actually dropped.

. Viewer Support: The total number of viewer contributions received during the Spring fundraising drive, which had been rising steadily since the early 1970's, dropped for the first time in 1982 and fell still further this year.

3. Alternative funding sources: one-dollar solutions to million-dollar problems.

. Three task forces--CPB, NAB and the bi-partisan, Congressionally-sponsored Temporary Commission on Alternative Financing for Public Telecommunications (TCAF)--found that "alternative" funding options, while necessary, will provide only minimal relief for the foreseeable future and can't begin to replace the $60 million loss in federal funding.

. Public television stations engage in many revenue-raising activities such as facilities rental, production contracts and cassette sales. These ventures, practiced "on the side," have produced minimal net revenue and stations forecast their future potential is equally small. For example:

Export Sales: Programs like SESAME STREET and the NATIONAL GEOGRAPHIC SPECIALS have been exported for nearly a decade. More recently, DANCE IN AMERICA, and AMERICAN PLAYHOUSE have been added to the list. But net revenues from all of the export sales of our stations amount to just over $2 million a year.

Program Syndication/Production for Cable: One of our stations has produced programs for syndication for a number of years; more recently, a few more have been added to the list. The large producing station is just beginning to break even; the smaller station will net some funds from its single show in syndication. However, the net revenue potential is extremely limited even for those few of our stations who have the savvy and expertise to enter the commercial marketplace. For the overwhelming majority of our stations, which rarely if ever produce for national distribution, this is not an option at all. A few others are producing some local programming for cable channels, allowing them to preserve their local production staffs.

Co-productions: Some programs like "Working" and "The Fifth of July" for AMERICAN PLAYHOUSE and Eubie Blake's 100th Birthday at the Kennedy Center have been co-produced with cable services. These ventures have been essential to our ability to maintain our current schedules, which we might not have been able to afford otherwise. But because we are hampered by a lack of capital and don't have the kind of access to credit market that commercial ventures have, growth of such cooperative arrangements will be limited.

Facilities Rental: Many stations have pursued this option--which can produce some revenue if there are unfilled production needs in the local market. Even where that's true, many stations do not have the necessary equipment or staff to do so. Where it has been possible, stations report it helps a bit to provide income for equipment maintenance but cannot provide more than a few extra dollars.

Moreover, many of these ventures require continuing investments which we cannot necessarily afford to make. One station's tape duplication facility, which was profitable for many years, was sold recently. The station operating it could no longer afford to invest in new equipment; without state of the art technology, it could not hold its customers. The Dial, the monthly program guide now distributed in 15 cities across the country, is close to the break-even point, after a three year investment of close to $8 million. In these economic times, it must consistently break even if it is to be preserved.

PBS has undertaken similar activities over the years. In 1980, PBS and its member stations entered into partnership with Blairsat to deliver high-quality commercials to customers in the top 50 markets via satellite. While many users were enthusiastic, there were not enough customers to show a profit. Just to break even, Blairsat needed 25-30% of the market. So when it failed to grow as anticipated, it had to be folded. Other PBS projects have been quite successful, for example, PBS Video, which distributes program tapes to nonbroadcast markets such as hospital and libraries; the Adult Learning Service; and CONFERSAT, the teleconference service. Taking all of the PBS ancillary services together, the predicted gross revenue for 1984 sounds encouraging--$6 million. But the net profit figure is less than $600,000.

The bottom line is simply this: We have and will continue to pursue alternative revenue sources. Because all current sources are extremely limited, we simply have had to absorb most of the federal cuts. PBS and our producing stations have achieved financial stability for today with a terrible potential price for tomorrow--a serious shortfall in new programming upon which the entire system depends, and a weakening of our physical plants.

And so, Mr. Chairman, we return to you, and your colleagues in the Senate and House, and ask you and our authorizing committees to take a new look at what levels of federal funding are necessary to preserve this service. To prevent further deterioration, cost-of-living adjustments for CPB are vitally necessary--specifically, a 5.6% increase over FY1983 funding levels of $137 million: $145 million for FY1984, $153 million for FY1985, and $162 million for FY1986.

In conclusion, Mr. Chairman, you may remember a recent column by Owen McNally in the Hartford Courant where he described Washington as taking a "Scrooge-like attitude toward the Corporation for Public Broadcasting, the Bob Cratchit of the Reagan Administration." We are most indebted to the Congress for a very different attitude. We hope you will respond to the needs of public broadcasting in the future as well as you have in the past.

STATEMENT OF FRANK MANKIEWICZ, PRESIDENT, NATIONAL PUBLIC RADIO

On behalf of National Public Radio, I am pleased to contribute to the record of your Subcommittee's hearings on the FY 1984 Labor, Health and Human Services, and Education appropriations legislation with respect to funding for the Corporation for Public Broadcasting.

CPB APPROPRIATIONS

National Public Radio is appreciative of the consistent support you have extended to public broadcasting during a period when we have faced the most severe financial challenges since 1967, when public radio and television were established by Congress. In 1981, this Administration announced its intention ultimately to terminate federal support for public broadcasting - a policy that has threatened to erode the bedrock of public radio's financial viability. It is because of the federal dollars we receive that NPR and our member stations are able to attract substantial outside revenues. To the extent federal funding is diminished, sources of outside income - from our listeners, corporations, and foundations - are also impaired.

It is because of your understanding of this initial situation that Congress moved last year to help stabilize funding for public broadcasting. In the past year, your Subcommittee has taken the following steps:

Rejected the Administration's proposal to rescind $21.5 million from CPB's FY 1983 appropriation.

Enacted a $24.4 million supplemental appropriation for FY 1984, restoring CPB funding to the fully authorized level of $130 million.

Maintained full funding for FY 1985 - again at $130 million - in the FY 1983 Continuing Resolution.

Even with this assistance, the fact remains that federal support for public broadcasting has declined by 25% before inflation. In FY 1982, Congress provided $172 million - the high water mark for such support. This has progressively declined to $137 million for the current fiscal year and to $130 million beginning next October 1. The continued preservation of a basic level of public radio service - nationally and locally - requires at a minimum continued funding at $130 million for FY 1986. Any further reductions will cripple our very ability to keep quality radio programming on the air.

Even at the full $130 million for CPB, the total radio share -- community service grants to local stations and support for program production -- will fall from $36 million in FY 1982 to $29.2 million -- a 20% reduction. The $7 million public radio has already lost is an amount half again as large as the combined budgets of ALL THINGS CONSIDERED, and MORNING EDITION -- and these cuts have already forced the termination of distinguished public affairs and performance programs. Further budget reductions will result in further curtailment of our programming. Each of our stations has lost nearly $20,000 annually in community service grants -- even at the full funding level of $130 million for public broadcasting. Additional cuts would force several stations off the air altogether.

In addition, budget reductions for other federal agencies that help support public broadcasting -- such as the National Endowments for the Arts and Humanities, the National Science Foundation, the Department of Education, and the Public Telecommunications Facilities Program -- will cost public radio some $3 million over and above any reductions in the CPB appropriations.

The size and frequency of the proposed budget cuts have implicitly raised the question of the very legitimacy of federal support for public broadcasting. This is a very distressing development. Public broadcasting was created to serve the educational, information and cultural needs of the American people -- needs that either cannot or will not be met by commercial broadcasters. It is entirely appropriate and desirable for the federal government to promote this mandate for excellence which governs public broadcasting's endeavors in these areas. Federal funds, moreover, are a critical lever for the attraction of outside income, thereby strengthening the ties between public broadcasting and the communities they serve. Severe budget reductions will destroy the achievements of the past 15 years.

SUPPLEMENTAL FUNDING FOR PUBLIC BROADCASTING

On March 7, the Chairman of the House Committee on Energy and Commerce, Rep. John D. Dingell, proposed that funding for CPB be supplemented by an inflation adjustment over the next three fiscal years. Legislation initiating this change, HR 2755, the FCC authorization bill, is currently pending in the House Energy and Commerce Committee.

Should this measure be enacted before this Subcommittee's markup of its FY 1984 appropriations bill, NPR would urge the inclusion of the revised funding ceilings in the Subcommittee's legislation. This is crucial for several reasons.

A modest adjustment in funding levels for public broadcasting to maintain the current level of support of $137 million adjusted for inflation for FY 1984-86 would ensure the stability of public radio and the maintenance of current levels of service as the system develops alternative sources of income. Such an adjustment would still represent a 21% cut from FY 1982 funding levels for public broadcasting.

Public broadcasting has sustained significant reductions in funding. In FY 1982, the Corporation for Public Broadcasting received $172 million from Congress. Under existing legislation, this level of support has decreased to $137 million in FY 1983, and will be reduced further to $130 million in each of FY 1984, 1985 and 1986 -- a cut in funding of $42 million -- or 25% -- in current dollars.

When adjusted for inflation, however, the real reduction in funding already sustained by public broadcasting is more severe. In constant dollars, the current FY 1983 appropriation of $137 million will fall to $123 million in FY 1984, $117 million in FY 1985, and $110 million in FY 1986 -- effectively a 40% reduction from FY 1982 funding levels.

A funding adjustment to offset inflation over the next three years by 5.6% (the inflation rate projected by OMB) would provide public broadcasting with $145 million in FY 1984, $153 million in FY 1985, and $162 million in FY 1986.

The scheduled budget reductions threaten the stability of the public radio system. Support for national program reduction has been reduced by $5 million -- a 35% cut roughly equal to NPR's entire news and information budget, which supports such programs as ALL THINGS CONSIDERED and MORNING EDITION. Basic funding through CPB's Community Service Grant program has fallen for each of NPR's 279 member stations.

Alternative sources of revenue have not materialized as quickly as NPR anticipated. At the time the current round of budget reductions were imposed in 1981, NPR hoped that alternative funding sources could be developed quickly enough to compensate for the imminent losses in federal funding.

Although good progress has been made -- particularly in a vigorously expanded development effort -- it has not been sufficient to offset the decline in federal support, primarily due to the length and depth of the recession. In addition, the FCC has only recently deregulated public radio in order to enable NPR to enter new business ventures designed to generate substantial outside income. Projected revenues -- to NPR and to member stations -- from such ventures will not be realized until late 1984 or 1985 at the earliest.

The shortfall in these new sources of revenue has forced cutbacks in programming services. Especially affected is programming in education, science, news and information, and arts and performance. Many NPR employees have been laid off due to the funding crisis.

A revision of existing levels of federal support to compensate for inflation over the next three years would help ensure the maintenance of the current level of services, both nationally and locally, and would provide every encouragement to NPR's efforts to develop new, outside sources of financial security.

SUMMARY TABLE

CPB APPROPRIATIONS FY 1982-86

($ Million)

	FY 1982	FY 1983	FY 1984	FY 1985	FY 1986
Authorized by Congress	200	220	130	130	130
Appropriated by Congress	172	137	130	130	1/
Appropriations in Constant 1983 Dollars 2/		137	123	117	110[3]
Supplemental Funding to Offset Inflation			145	153	162
Administration Proposals	129	116.5	93.5	85[4]	75.[4]

1/ CPB's FY 1986 funding will be considered as part of the FY 1984 Labor-HHS-Educational appropriations bill.

2/ Assumes the Administration's projected inflation rate of 5.6% annually for FY 1984-86.

3/ Assumes an appropriation of $130 million for FY 1986.

4/ The Administration has requested a rescission of $45 mission of the FY 1985 appropriation of $130 million, and $75 million for FY 1986.

The Financial Crisis at NPR

Finally, Mr. Chairman, I would like to provide some perspective on the financial difficulties currently confronting National Public Radio.

National Public Radio has made every effort to implement faithfully the mandate from the Administration and Congress to rely less on federal funding and increase its financial base through alternative income sources. Success depended on two critical, and interrelated, factors: an increase in private sector support in amounts sufficient to offset the sharp decline in federal funding and a growing economy to sustain both development activities and entrepreneurial initiatives.

NPR took this mandate a step further. Through its independence campaign, NPR sought to replace - over five years - all federal funds through alternative income sources. NPR estimated that, by 1988, it would need $30 million in outside income to supplant federal funding and sustain its operations. As interim steps toward this goal, NPR sheltered all public radio stations by accepting, beginning in FY 1983, progressively smaller shares of the total radio pool, resulting in an increasing flow of available federal dollars to the stations:

($ Millions)

	FY1982	FY1983	FY1984	% Change FY 1982-84
CPB grants for CSG's	$16.6	$16.8	$18.4	+10%
CPB grants for program production (NPR)	14.6	11.6	10.0	-32%

NPR received consistent support from Members of Congress, outside constituencies, the stations, and in the press for what was characterized as a far-sighted and ambitious effort. NPR was encouraged to continue along the path it had outlined.

What is clear from NPR's current difficulties is that federal funds cannot be replaced quickly enough, or in sufficient quantities, by revenues from alternative sources. This is, indeed, the basic conclusion of comprehensive studies conducted by CPB, TCAF, and NAB on the entire issue of funding for public broadcasting. NPR's dislocations were compounded by the current recession, which inhibited the growth in fundraising, and by NPR's decision more than a year ago to budget for FY 1983 at a level which permitted the broadest base of programming but which could not ultimately be sustained from the decline in available revenues and the continued postponement of earned revenues.

Congress is now considering supplemental funding for public broadcasting. The prospect of such new additional funding has no bearing on the decisions NPR will make to close out the current fiscal year in a balanced position. NPR will make whatever adjustments are necessary to balance the FY 1983 budget without additional federal funding. For FY 1984, NPR is likewise not incorporating any new federal funds in its budget projections. The solution to the current revenue lack, and decisions for FY 1984, are based solely on existing federal appropriations, and not on any "bailout" from Congress.

NPR sought to meet the challenge posed by the Administration, and has stumbled through its inability to do so. It sought to expand programming services, but could not find the revenues to finance them. NPR is determined to bring expenses in line with revenues and preserve as much of its programming services as possible.

Conclusion

Although NPR's situation at the present is difficult, its prospects are certain: NPR will continue to provide a broad range of programming services in fulfillment of its mandate of excellence in all fields -- news and information, arts and performance, specialized audiences, education, children's programming, services for the print-handicapped, and bringing forward the endeavors of independent producers, and will do so with a balanced budget.

We must not lose sight of the achievements of the past two years. In 1980, CPB was the source of 98% of NPR's funding; that has now been reduced to below 50%. Since 1981, NPR's membership has climbed to 280 and its audience has doubled to nearly 9 million people weekly.

All of our efforts are dedicated to strengthening these achievements, even in the force of financial adversity. With your continued support, we will prevail.

SUBCOMMITTEE RECESS

Senator WEICKER. The subcommittee will stand in recess until 8:30 tomorrow, May 3. We'll convene in this room to continue public witness testimony on the fiscal year 1984 budgets for the Departments of Health and Human Services, and Education.

Thank you.

[Whereupon, at 11:25 a.m., Monday, May 2, the subcommittee was recessed, to reconvene at 8:30 a.m., Tuesday, May 3.]

DEPARTMENTS OF LABOR, HEALTH AND HUMAN SERVICES, AND EDUCATION AND RELATED AGENCIES APPROPRIATIONS FOR FISCAL YEAR 1984

TUESDAY, MAY 3, 1983

U.S. SENATE,
SUBCOMMITTEE OF THE COMMITTEE ON APPROPRIATIONS,
Washington, D.C.

The subcommittee met at 8:30 a.m., in room SD-116, Dirksen Senate Office Building, Hon. Lowell P. Weicker, Jr. (chairman) presiding.

Present: Senators Weicker and Inouye.

NONDEPARTMENTAL WITNESSES

Senator WEICKER. The subcommittee will come to order. Today we will hear public witness testimony on the fiscal year 1984 budgets for the Health Resources and Services Administration, elementary and secondary education programs, higher education programs, and one witness will address appropriations for the National Eye Institute.

Now, as you all know, we have this little system of lights in front of us, and that is to save the racket created by the gavel pounding down. And I would appreciate it, in consideration not of the chairman, but rather of your fellow witnesses, if everyone could stick to the 4 minutes.

We have, as you can see, a list of witnesses like that [indicating], and it just makes it a lot easier to keep it on track if everybody would do that, and it also permits time for a few questions that I know are important to the committee.

So with all that lined up, we are ready to go. Our first witness is Michael Gemmel, executive director of the Association of Schools of Public Health.

Mr. Gemmell, it is nice to have you here. Go ahead and proceed with your testimony.

STATEMENT OF MICHAEL K. GEMMELL, EXECUTIVE DIRECTOR, ASSOCIATION OF SCHOOLS OF PUBLIC HEALTH

Mr. GEMMELL. Thank you, Mr. Chairman. The deans of the 23 schools of public health appreciate the opportunity to testify on our concerns regarding fiscal year 1984 funding. Thank you for allowing us the chance to clearly point out the roles the schools of public health have in promoting health and preventing disease in America. I have summarized my remarks, and I hope that the full testimony will be included in the record.

Senator WEICKER. All testimony will be included in its entirety in the record.

Mr. GEMMELL. First, we urge the subcommittee to continue Federal institutional support, or capitation, to schools of public health, and traineeships for our students. Federal funds received by the students are considered to be the Federal Government's share for preparing men and women to meet the public health needs of the country. It costs approximately $12,000 a year, Mr. Chairman, to train one student in the school of public health.

Schools of public health have been educating professionals in the techniques of public health practice, health preservation, health promotion, disease prevention, and control since the first decades of the 20th century. Applications of principles and practice of public health have had dramatic results in recent memory. The near elimination of polio in the United States and other industrialized nations and the world eradication of smallpox are two recent examples of the effect of public health research and practice. Additionally, the identification of the cause of Legionnaires disease and the vast majority of current research on acquired immune deficiency syndrone, or AIDS, are examples of the work performed by public health professionals.

Located in 17 States and Puerto Rico, these regional schools of public health train students from every State in the Nation. Graduates of the schools of public health work primarily in the public sector in the areas of health promotion and disease prevention. They represent the basic resource pool from which Federal, State, and local environmental health agencies draw their manpower needs. Graduates also work and teach in university settings. Industry relies heavily on the schools to train their employees involved in industrial hygiene, occupational safety and health, and environmental toxicology.

Students who attend these schools are often midcareer professionals with a prior commitment to public service. The average age is slightly over 30. A large percentage are part-time students already working in the public sector. The graduates, unlike many of the other health professions, do not enjoy lucrative incomes. Since nearly 75 percent of our graduates are employed by governmental agencies and universities, their modest salary levels are reflected in a recent survey which showed the mean income for all 1981 graduates at $24,500 a year, with half of the graduates making less than $22,000 a year.

Why do we need Federal support? Because the proliferation of Federal health programs has increased the need for public health specialists. According to the Department of Health and Human Services, there is an insufficient supply of public health personnel prepared to cope with all demands to be placed on them in the coming decade.

Nationally, there appears to be a critical shortage of epidemiologists, health statisticians, and certain types of environmental health scientists. The lack of noninfectious disease and behavioral epidemiologists, toxicologists, risk-assessment specialists in the chemical and physical agent areas, health care finance specialists, and biostatisticians competent to engage in highly controlled studies are often cited. A severe shortage of physicians exists throughout the field of public health.

We are puzzled as to why the administration wants to terminate support to schools of public health in light of HHS pronouncements that health promotion and disease prevention is a high priority within the administration. It is recommending a 44-percent cut in academic health training.

Mr. Chairman, we urge you to approve $3.5 million for student assistance or traineeships to schools of public health. Why? The reason is simple. Our students need traineeships for the following reasons: Their debt load from previous education and modest salaries following graduation makes loans unattractive to students.

Finally, Mr. Chairman, we urge the subcommittee to approve the administration's request of $1 million for preventive medical residencies and public health residencies. To promote an awareness of prevention within the medical profession, it is necessary to foster integration of prevention within Federal policy. Thank you very much.

Senator WEICKER. Let's go over this for 1 minute here. I just want to make sure we are on the same ground. The administration budget under the line item public health capitation calls for zero funding, and this is what you object to?

Mr. GEMMELL. Yes, sir.

Senator WEICKER. Then on health administration grants, again, that's zero funded?

Mr. GEMMELL. That's correct.

Senator WEICKER. That also falls within your comments here?

Mr. GEMMELL. We have colleagual interests, but not within schools of public health. They're programs outside of schools of public health. Training health administrators.

Senator WEICKER. What about special projects?

Mr. GEMMELL. That's an unauthorized program, Mr. Chairman, not authorized in the Reconciliation Act. Only capitation and traineeships were authorized in any way.

Senator WEICKER. Public health traineeships?

Mr. GEMMELL. It was $2.5 million last year, I believe, Mr. Chairman. I think they are requesting $2.6 million.

Senator WEICKER. And then health administration traineeships?

Mr. GEMMELL. Again, those are outside of schools of public health, but again, we support those programs, also.

Senator WEICKER. It would seem to me, certainly, is there any other particular program——

Mr. GEMMELL. Preventive medicine residencies, Mr. Chairman, which were in another category. They go mainly to medical students and physicans in schools of public health. There is a great shortage of physicians in academic public health. This is little incentive for them to go through medical school and at the same time get their masters in public health, at a school of public health, hopefully, to stay in the public health area and supplement the public health manpower work force.

Senator WEICKER. Thank you very much.

Mr. GEMMELL. Thank you, sir.

[The statement follows:]

Statement of Michael H. Gemmell

MR. CHAIRMAN AND MEMBERS OF THE SUBCOMMITTEE, I AM MICHAEL K. GEMMELL, EXECUTIVE DIRECTOR OF THE ASSOCIATION OF SCHOOLS OF PUBLIC HEALTH, ON WHOSE BEHALF I AM APPEARING TODAY. THE DEANS OF THE 23 U.S. SCHOOLS OF PUBLIC HEALTH APPRECIATE THE OPPORTUNITY TO TESTIFY ON OUR CONCERNS REGARDING FY 1984 FUNDING AND THANK YOU, MR. CHAIRMAN, FOR ALLOWING US THE CHANCE TO CLEARLY POINT OUT THE ROLE OF SCHOOLS OF PUBLIC HEALTH IN PROMOTING HEALTH AND PREVENTING DISEASE IN AMERICA.

I WILL SUMMARIZE MY REMARKS AND REQUEST THAT OUR COMPLETE STATEMENT BE INCORPORATED INTO THE HEARING RECORD. (STATEMENT ATTACHED)

FIRST, WE URGE THE SUBCOMMITTEE TO CONTINUE FEDERAL INSTITUTIONAL SUPPORT (OR CAPITATION) TO SCHOOLS OF PUBLIC HEALTH. FEDERAL FUNDS RECEIVED BY THE SCHOOLS HAVE BEEN CONSIDERED TO BE THE FEDERAL GOVERNMENT'S SHARE OF PREPARING MEN AND WOMEN TO MEET THE PUBLIC HEALTH NEEDS OF THIS COUNTRY.

THE SCHOOLS OF PUBLIC HEALTH HAVE BEEN EDUCATING PROFESSIONALS IN THE TECHNIQUES OF PUBLIC HEALTH PRACTICE, HEALTH PRESERVATION, HEALTH PROMOTION AND DISEASE PREVENTION AND CONTROL SINCE THE FIRST DECADES OF THE TWENTIETH CENTURY.

APPLICATIONS OF THE PRINCIPLES AND PRACTICE OF PUBLIC HEALTH HAVE HAD DRAMATIC RESULTS IN MORE RECENT MEMORY. THE NEAR ELIMINATION OF POLIO IN THE U.S. AND OTHER INDUSTRIALIZED NATIONS AND THE WORLDWIDE ERADICATION OF SMALLPOX ARE TWO RECENT EXAMPLES OF THE EFFECT OF PUBLIC HEALTH RESEARCH AND PRACTICE. ADDITIONALLY, THE IDENTIFICATION OF THE CAUSE OF LEGIONNAIRES DISEASE AND THE VAST MAJORITY OF CURRENT RESEARCH ON ACQUIRED IMMUNE DEFICIENCY SYNDROME (AIDS) ARE EXAMPLES OF WORK PERFORMED BY PUBLIC HEALTH PROFESSIONALS.

PUBLIC HEALTH PROFESSIONALS ARE ALSO TRAINED TO DEAL WITH ENVIRONMENTAL AND OCCUPATIONAL HEALTH HAZARDS. CERTAINLY, RECENT EVENTS RELATIVE TO THE ENVRIONMENTAL PROTECTION AGENCY HAVE CLEARLY POINTED TO THE IMPORTANCE OF THE NEED FOR HIGHLY SKILLED PUBLIC HEALTH PROFESSIONALS TO DEAL WITH THE INCREASINGLY COMPLEX PROBLEM OF TOXIC WASTE MANAGEMENT.

TODAY THERE ARE 22 ACCREDITED AND ONE PRE-ACCREDITED SCHOOLS OF PUBLIC HEALTH, 8 AT PRIVATE AND 15 AT PUBLIC UNIVERSITIES. LOCATED IN 17 STATES AND PUERTO RICO, THE SCHOOLS OF PUBLIC HEALTH TRAIN STUDENTS FROM EVERY STATE IN THE NATION. GRADUATES OF THE SCHOOLS OF PUBLIC HEALTH WORK PRIMARILY IN THE PUBLIC SECTOR IN THE AREAS OF HEALTH PROMOTION AND DISEASE PREVENTION. THEY REPRESENT THE BASIC RESOURCE POOL FROM WHICH FEDERAL, STATE AND LOCAL HEALTH AND ENVIRONMENTAL AGENCIES DRAW THEIR MANPOWER NEEDS. GRADUATES ALSO WORK AND TEACH IN UNIVERSITY SETTINGS. INDUSTRY RELIES HEAVILY ON THE SCHOOLS TO TRAIN

THEIR EMPLOYEES INVOLVED IN INDUSTRIAL HYGIENE, OCCUPATIONAL SAFETY AND HEALTH, ENVIRONMENTAL TOXICOLOGY, AMONG OTHERS. THE BREAKDOWN IS AS FOLLOWS: 45 PERCENT OF GRADUATES IN A SINGLE YEAR GO INTO FEDERAL, STATE OR LOCAL GOVERNMENT SERVICE, 30 PERCENT WORK FOR EITHER NON-PROFIT COMMUNITY HEALTH AGENCIES OR UNIVERSITIES AND 20 PERCENT WORK FOR INDUSTRY AND PROPRIETARY ORGANIZATIONS.

STUDENTS WHO ATTEND THE SCHOOLS ARE OFTEN MID-CAREER PROFESSIONALS WITH A PRIOR COMMITMENT TO PUBLIC SERVICE. THE AVERAGE AGE IS SLIGHTLY OVER 30. A LARGE PERCENTAGE ARE PART-TIME STUDENTS ALREADY WORKING IN THE PUBLIC SECTOR. THE GRADUATES, UNLIKE MANY OF THE OTHER HEALTH PROFESSIONS, DO NOT ENJOY LUCRATIVE INCOMES. SINCE NEARLY 75 PERCENT OF THE GRADUATES ARE EMPLOYED BY GOVERNMENTAL AGENCIES AND UNIVERSITIES, THEIR MODEST SALARY LEVELS ARE REFLECTED IN A RECENT SURVEY WHICH SHOWED THE MEAN INCOME FOR ALL 1981 GRADUATES AT $24,500 WITH HALF OF THE GRADUATES MAKING LESS THAN $22,000 (THIS FIGURE INCLUDES PHYSICIANS AND DENTISTS WORKING IN PUBLIC HEALTH).

WHY DO WE NEED FEDERAL SUPPORT? BECAUSE THE PROLIFERATION OF FEDERAL HEALTH PROGRAMS HAS INCREASED THE NEED FOR PUBLIC HEALTH SPECIALISTS. YET, ACCORDING TO HHS, THERE IS DEEP CONCERN THAT THERE ARE INSUFFICIENT PUBLIC HEALTH PERSONNEL PREPARED TO COPE WITH ALL THE DEMANDS TO BE PLACED ON THEM IN THE COMING DECADE. NATIONALLY, THERE APPEARS TO BE CRITICAL SHORTAGES OF EPIDEMIOLOGISTS, HEALTH STATISTICIANS, AND CERTAIN TYPES OF ENVIRONMENTAL HEALTH SPECIALISTS. THE LACK OF NON-INFECTIOUS DISEASE AND BEHAVORIAL EPIDEMIOLOGISTS, TOXICOLOGISTS, RISK ASSESSMENT SPECIALISTS IN THE CHEMICAL AND PHYSICAL AGENT ARENAS, HEALTH CARE FINANCE SPECIALISTS, AND BIOSTATISTICIANS COMPETENT TO ENGAGE IN HIGHLY CONTROLLED STUDIES, ARE MOST OFTEN CITED.

A SEVERE SHORTAGE OF PHYSICIANS EXISTS THROUGHOUT THE FIELD OF PUBLIC HEALTH. IN EPIDEMIOLOGY, A LACK OF PHYSICIANS IS PARTICULARLY ACUTE, AND IT IS ANTICIPATED THAT A STRONG DEMAND FOR NONPHYSICIAN EPIDEMIOLOGISTS WITH DOCTORAL TRAINING WILL CONTINUE AS LONG AS THIS SHORTAGE EXISTS. IN ENVIRONMENTAL HEALTH, AREAS RELATED TO TOXIC SUBSTANCES, HAZARDOUS WASTE MANAGEMENT, OCCUPATIONAL SAFETY AND HEALTH, ENVIRONMENTAL EPIDEMIOLOGY, AND WATER TREATMENT WILL EXPERIENCE THE GREATEST SHORTAGE OF ADEQUATELY TRAINED PERSONNEL TO MEET THE NEEDS OF BOTH PUBLIC AND PRIVATE SECTORS. IN HEALTH ADMINISTRATION, SPECIALISTS IN FINANCE AND ECONOMICS WILL CONTINUE IN HIGH DEMAND, AND VARIOUS TYPES OF FUNCTIONAL SPECIALISTS WILL BE NEEDED IN PROVIDER INSTITUTIONS AND VOLUNTARY AGENCIES.

IN OTHER FIELDS, PUBLIC HEALTH PERSONNEL GROWTH WILL BE SLOW TO MINIMAL. IN THE SLOW GROWTH DISCIPLINES, THE MOST PRESSING NEEDS ARE FOR IMPROVING THE ABILITIES AND SKILLS OF THOSE ALREADY IN THE WORK FORCE. ACCORDING TO HHS, HALF OF THE ENVIRONMENTAL HEALTH WORKFORCE HAS NOT BEEN FORMALLY PREPARED IN EITHER THE HEALTH OR ENVIRONMENTAL SCIENCES.

SCHOOLS OF PUBLIC HEALTH ARE CURRENTLY EXPERIENCING ANOTHER MAJOR CRISIS CAUSED BY A DECREASING TREND IN THE NUMBER OF PHYSICIANS ENTERING ACADEMIC PUBLIC HEALTH. THE DEARTH OF PROFESSIONAL STAFF IN THE FIELD OF PUBLIC HEALTH AND PREVENTIVE MEDICINE HAS BEEN DOCUMENTED IN REPORT AFTER REPORT RANGING FROM STUDIES BY THE GRADUATE MEDICAL EDUCATION NATIONAL ADVISORY COMMITTEE TO THOSE OF THE NATIONAL ACADEMY OF SCIENCES. IN NOTABLE CRITICAL SUPPLY ARE PHYSICIANS TRAINED IN PREVENTIVE MEDICINE, EPIDEMIOLOGY, BIOSTATISTICS, AND TOXICOLOGY.

IN ADDITION, THE INABILITY OF SCHOOLS TO EFFECTIVELY COMPETE WITH THE CORPORATE ARENA FOR THE MODEST SUPPLY OF NON-PHYSICIAN GRADUATES IN ENVRIONMENTAL TOXICOLOGY, NON-INFECTIOUS DISEASE AND BEHAVORIAL EPIDEMIOLOGY AND HEALTH CARE FINANCE, CREATES SERIOUS PROBLEMS FOR THE SCHOOLS (AND FEDERAL, STATE AND LOCAL HEALTH AGENCIES) IN THEIR EFFORTS TO MEET PRESENT PUBLIC HEALTH PROBLEMS. THIS BRAIN DRAIN WILL ACCELERATE AS MORE AND MORE ENVIRONMENTAL HAZARDS ARE BEING BROUGHT TO THE PUBLIC'S ATTENTION.

FURTHERMORE, MR. CHAIRMAN, OUR MOST CAPABLE HEALTH SCIENCE STUDENTS ARE NOT CHOOSING CAREERS IN PUBLIC HEALTH BECAUSE OF THE 60 PERCENT CUTBACK IN TRAINEESHIPS OVER THE PAST TWO YEARS. ACCORDING TO HHS, PHYSICIANS, ENGINEERS, NURSES, CHEMISTS AND PHYSICAL SCIENTISTS ARE NOT ENTERING THE FIELD IN ADEQUATE NUMBERS. IN ENGINEERING, THE SMALL BUT CONINUOUS FLOW OF ENGINEERING GRADUATES THAT ENTERED PUBLIC HEALTH THROUGH THE MID-1970S HAS ALL BUT CEASED. IN VETERINARY MEDICINE, RECRUITMENT OF VETERINARIANS INTO PUBLIC HEALTH HAS DECREASED. WHILE GRADUATE TRAINING IN MANY SPECIALITY AREAS OF NURSING HAS GROWN DRAMATICALLY OVER THE PAST 10 YEARS, THE INCREASE IN NURSES TRAINED IN PUBLIC HEALTH AT THE GRADUATE LEVEL HAS NOT KEPT PACE. IN FACT, STATE HEALTH OFFICERS ARE VERY ALARMED ABOUT THE LOW NUMBER OF NURSES ENTERING PUBLIC HEALTH.

GIVEN THESE SHORTAGES, THE ADMINISTRATION STILL PROPOSES TO END CAPITATION SUPPORT TO SCHOOLS OF PUBLIC HEALTH, BUT IT DOES PROPOSE TO PROVIDE LIMITED, NON-AUTHORIZED ($2.6 MILLION) SUPPORT FOR SPECIAL PROJECTS IN AREAS DESIGNATED AS NATIONAL PRIORITIES FOR PUBLIC HEALTH. WE SUPPORT THIS PROPOSAL BUT NOT AT THE EXPENSE OF CAPITATION. INDEED, THE SCHOOLS OF PUBLIC HEALTH NEED STABLE BASIC SUPPORT IN ORDER TO MAINTAIN A CORE FACULTY CAPABLE OF RESPONDING TO IDENTIFIED PRIORITIES.

WE ARE PUZZLED AS TO WHY THE ADMINISTRATION WANTS TO END SUPPORT TO OUR SCHOOLS IN LIGHT OF HHS PRONOUNCEMENTS ABOUT HEALTH PROMOTION AND DISEASE PREVENTION BEING A HIGH PRIORITY IN THE DEPARTMENT.

AS DISCUSSED EARLIER, HHS REPORTS TO CONGRESS STATE THAT A SHORT SUPPLY OF PUBLIC HEALTH PERSONNEL EXISTS IN OUR NATION. IT IS SURPRISING AND CONFUSING, THEREFORE, FOR THE ADMINISTRATION TO PROPOSE DRASTIC REDUCTIONS IN FEDERAL SUPPORT TO SCHOOLS OF PUBLIC HEALTH. GIVEN THE PRESENT STATE OF THE ECONOMY, CERTAIN REDUCTIONS IN FEDERAL SPENDING ARE JUSTIFIED. HOWEVER, TO RECOMMEND CUTS IN PROGRAMS THAT CONTRIBUTE TO KEEPING INDIVIDUALS OUT OF THE MEDICAL CARE SYSTEM DOES NOT MAKE SENSE. COST SAVINGS IN THE HEALTH CARE SYSTEM CAN BE ACHIEVED THROUGH GREATER EMPHASIS (NOT REDUCTIONS) ON PROGRAMS THAT KEEP PEOPLE AND COMMUNITIES HEALTHY. THE RHETORIC IN THE BUDGET IS SIMPLY NOT SUPPORTED BY THE AMOUNTS REQUESTED. FOR EXAMPLE, HOW DOES THE ADMINISTRATION HOPE TO ENCOURAGE "MINORITIES TO CHOOSE CAREERS IN THE HEALTH PROFESSIONS" WHEN IT IS RECOMMENDING EXTENSIVE CUTS IN STUDENT FINANCIAL AID? HOW DOES THE ADMINISTRATION HOPE TO PREPARE "HEALTH PROFESSIONALS TO SERVE AN INCREASINGLY OLDER POPULATION AND TO EMPHASIZE HEALTH PROMOTION AND DISEASE PREVENTION FOR ALL PATIENTS" WHEN IT IS RECOMMENDING A 44 PERCENT CUT IN PUBLIC HEALTH TRAINING?

THE ADMINISTRATION'S JUSTIFICATION FOR TERMINITATION OF PUBLIC HEALTH SCHOOL SUPPORT IS BASED ON A SERIES OF FALSE ASSUMPTIONS. FEDERAL HEALTH PROFESSIONAL MANPOWER POLICY HAS FOCUSED ALMOST EXCLUSIVELY ON PHYSICIANS AND THE ADMINISTRATION HAS BASED POLICY DECISIONS AFFECTING OTHER HEALTH PROFESSIONS ON CONCLUSIONS RELATING TO PHYSICIANS. FOR EXAMPLE, STUDIES HAVE SHOWN THAT THERE MAY BE A SUBSTANTIAL OVERSUPPLY OF PHYSICIANS AROUND 1990. BASED ON THIS FINDING, THE PRESIDENT'S 1984 BUDGET ASSUMES AN OVERSUPPLY OF ALL HEALTH PROFESSIONALS AND CONSEQUENTLY TARGETS ITS REQUESTS FOR HEALTH PROFESSIONS EDUCATION PROGRAMS AT MINIMIZING THE FUTURE OVERSUPPLY OF PUBLIC HEALTH PROFESSIONALS. AVAILABLE EVIDENCE, HOWEVER, INDICATES AN UNDERSUPPLY OF PUBLIC HEALTH PERSONNEL EXISTS.

BASED ON THE FACT THAT CONGRESS TERMINATED CAPITATION FOR ALL SCHOOLS OF THE HEALTH PROFESSIONS EXCEPT FOR SCHOOLS OF PUBLIC HEALTH IN THE 1981 RECONCILIATION ACT, WE BELIEVE THAT WE WERE GIVEN CLEAR SIGNALS BY CONGRESS THAT SUPPORT WOULD CONTINUE BECAUSE OF THE NATURE OF OUR NATIONAL MISSION TO PROMOTE HEALTH AND PREVENT DISEASE. THE ACT AUTHORIZES $7.5 MILLION FOR PUBLIC HEALTH SCHOOL CAPITATION IN FY 1984. WE URGE YOU, MR. CHAIRMAN AND MEMBERS OF THE SUBCOMMITTEE, TO APPROPRIATE $7.0 MILLION FOR FY 1984 INSTITUTIONAL SUPPORT TO SCHOOLS OF PUBLIC HEALTH.

WE FURTHER URGE YOU TO APPROVE $3.5 MILLION FOR STUDENT ASSISTANCE OR TRAINEESHIPS. OUR STUDENTS NEED TRAINEESHIPS FOR THE FOLLOWING REASONS:

- DEBT LOAD FROM PREVIOUS EDUCATION AND MODEST SALARIES FOLLOWING GRADUATION MAKES LOANS UNATTRACTIVE TO STUDENTS ---

60 PERCENT OF 1981 GRADUATES REPORTED AN AVERAGE INDEBTEDNESS OF $4,500.

- THE RISING COST OF TUITION AND OTHER EXPENSES MAKE IT MORE DIFFICULT FOR LOW-INCOME STUDENTS TO AFFORD GRADUATE EDUCATION.
- LOAN PROGRAMS DISCRIMINATE AGAINST GRADUATES WHO CHOOSE PUBLIC SERVICE AS A CAREER RATHER THAN ENTER THE PRIVATE SECTOR (E.G., A PUBLIC HEALTH PHYSICIAN WHO WORKS IN A RURAL COUNTY HEALTH DEPARTMENT).
- MANY OF THE STUDENTS UNDERTAKE GRADUATE PUBLIC HEALTH EDUCATION AT MID-CAREER AND HAVE FAMILY OBLIGATIONS (AVERAGE AGE OF A STUDENT IS 30 YEARS).
- GRADUATES, UNLIKE MANY OF THE OTHER HEALTH PROFESSIONS, DO NOT ENJOY LUCRATIVE INCOMES (OF THE 1981 GRADUATES, 50 PERCENT EARN LESS THAN $22,000 PER YEAR).
- INCOME FROM TUITION PAID BY STUDENTS DOES NOT FULLY COVER THE COST OF THEIR EDUCATION (APPROXIMATELY $12,000 A YEAR TO TRAIN ONE STUDENT IN A SCHOOL OF PUBLIC HEALTH).

AGAIN, AS EMPLOYEES OF GOVERNMENT, UNIVERSITIES AND PRIVATE, NON-PROFIT HEALTH AGENCIES, THESE GRADUATES RECEIVE MODEST SALARIES IN CONTRAST TO THE HIGH RENUMERATION RECEIVED BY MOST HEALTH PROFESSIONALS. I SHOULD ALSO ADD THAT MANY OF OUR STUDENTS ARE DEPENDENT ON GRADUATE STUDENT LOANS IN ADDITION TO TRAINEESHIP STIPENDS, AND WE URGE SUPPORT OF THAT PROGRAM AS WELL.

FINALLY, MR. CHAIRMAN, WE URGE THE SUBCOMMITTEE TO APPROVE THE ADMINISTRATION'S REQUEST OF $1 MILLION FOR PREVENTIVE MEDICINE AND PUBLIC HEALTH RESIDENCIES. IF A CHANGE IS TO BE EFFECTED IN THE HEALTH CARE SYSTEM TO BRING ABOUT A GREATER EMPHASIS ON PREVENTION, A CHANGE MUST BE MADE IN THE ATTITUDES AND BEHAVIOR OF THE MEDICAL PROFESSION. MEDICAL STUDENTS, AND RESIDENT PHYSICIANS, ARE NOT TRAINED TO UNDERSTAND THE POTENTIAL OF PREVENTION. TO PROMOTE AN AWARENESS OF PREVENTION WITHIN THE MEDICAL PROFESSION, IT IS NECESSARY TO FOSTER THE INTEGRATION OF PREVENTION WITHIN FEDERAL POLICY REGARDING HEALTH MANPOWER TRAINING. THESE FUNDS WOULD DEMONSTRATE FEDERAL RECOGNITION OF THIS NEED.

SUMMARY

IN SUMMARY, THE ASPH BELIEVES THAT CONTINUED FEDERAL ASSISTANCE IS ACTUALLY AN INVESTMENT AT THE FRONT END OF THE HEALTH CARE SYSTEM. THE SCHOOLS (I.E., THROUGH THEIR STUDENTS, GRADUATES, RESEARCHERS, FACULTY AND COMMUNITY SERVICE PROGRAMS) WILL NOT ONLY HELP PREVENT ILLNESS BUT WILL ALSO HELP SLOW DOWN THE

RAPIDLY ESCALATING COSTS OF MEDICAL CARE. PROVIDING BASIC INSTITUTIONAL AND STUDENT SUPPORT IS A MEANS WHEREBY THE FEDERAL GOVERNMENT CAN SHARE THE COSTS WITH STATE AND PRIVATE INSTITUTIONS FOR THE TRAINING OF PUBLIC HEALTH PERSONNEL TO MANAGE AND OPERATE GOVERNMENTAL HEALTH PROGRAMS. PUBLIC HEALTH IS A PUBLIC RESPONSIBILITY, SCHOOLS OF PUBLIC HEALTH TRAIN PERSONNEL FOR PUBLIC SERVICE. THE FEDERAL GOVERNMENT SHOULD HAVE A DIRECT INTEREST IN ASSURING THAT AN ADEQUATE SUPPLY OF PUBLIC HEALTH PERSONNEL IS TRAINED IN QUALITY INSTITUTIONS TO MANAGE AND OPERATE THE PUBLIC HEALTH DELIVERY SYSTEM IN THE NATIONAL INTEREST.

THANK YOU, MR. CHAIRMAN, FOR ALLOWING US THE OPPORTUNITY TO PRESENT OUR VIEWS. I WOULD BE MOST HAPPY TO ANSWER ANY QUESTIONS YOU MIGHT HAVE.

ASPH FY 1984 REQUESTS TO CONGRESS FOR FEDERAL SUPPORT TO THE SCHOOLS OF PUBLIC HEALTH

I. Institutional Support (Capitation)

The Association of Schools of Public Health requests $7.0 million in FY 1984 for funds for institutional support grants to the twenty-three Schools of Public Health.

History

Federal institutional support to the Schools of Public Health is one of the oldest federal health manpower training programs. This federal assistance encourages the development of experienced public health professionals. Since federal assistance began in 1956, the number of accredited Schools has doubled from 11 to 23 and the enrollment has increased fivefold (over 8,000 students are expected in 1983-84). Yet the amount of federal institutional support has remained at about the same level ($6 million) since 1975.

Justification

Schools of Public Health are distinct from other health professions schools in a number of ways. They are oriented to the community and prevention rather than the individual and cure. Students who attend the Schools are often mid-career professionals with a prior commitment to public service. The average age is slightly over 30. A large percentage are part-time students already working in the public sector while upgrading their skills. It should be noted that a public healh degree does not increase the income potential of the graduate as much as other health professions degrees. Schools of Public Health are in the business of training men and women for public service in the areas of health promotion and disease prevention.

The Schools offer multi-disciplinary training in areas of national shortage and need: biostatistics, epidemiology, health services administration, health education, disease prevention, environmental health, toxicology, occupational safety and health, nutrition and others.

Existing health and environmental legislation has created growing manpower needs in public health. The Schools of Public Health are a national manpower training resource for federal and local health and environmental agencies. The demand for public health manpower is expected to continue as Congress enacts new programs to improve the quality of life and reduce health care costs. To meet this increasing demand the Schools need additional basic institutional support to maintain and improve the quality of their training programs.

ASPH urges the Administration to support and Congress to appropriate $7.0 million in FY 1984 funds for institutional support to Schools of Public Health. The new amount barely covers total full-time equivalent (FTE) enrollment in FY 1984 (8,000 students at $570 each). Providing support to students and institutions is a means whereby the federal government can share the costs with state and private universities for training professionals to operate federally mandated health programs. Teaching costs per student per year approximate those of medical schools, or about $12,000 a year.

II. Student Support (Traineeships)

ASPH requests $3.5 million in FY 1984 funds for traineeships to students in Schools of Public Health.

History

Federal assistance to encourage development of experienced public health professionals through traineeship support began in 1956. The traineeship program supports graduate graduate or specialized training of health professional personnel in such key public health fields as biostatistics and epidemiology, environmental and occupational health, dietetics and nutrition, health administration, health planning and health policy analysis, preventive medicine and dentistry. Trainsheeps are awarded to train students enrolled in Schools of Public Health and other public and non-profit institutions which provide graduate or specialized training in public health.

The program is intended to attract high caliber students and to offer the economically disadvantaged, especially minorities, an entry point into the system. The rising cost of tuition and other expenses will make it even more difficult for low-income students, particularly minorities, to afford graduate education in public health schools.

Furthermore, many undertake graduate study in public health at mid-career and have important family obligations. Others have already accrued heavy debts from their previous education. The graduates, unlike many of the other health professions, do not enjoy lucrative incomes. Nearly 80 percent of the graduates are employed by governmental agencies and universities. Their modest salary levels are reflected in a recent survey which showed the mean income for all 1981 graduates at $24,500 with half of the graduates making less than $22,000 (this figure includes physicians and dentists working in public health).*

Justification

A recent HHS report to Congress (December 1979) and several HHS financed studies indicate that the need for public health professionals could double and perhaps triple between 1980 and 1990. The proliferation of health programs and agencies has increased--not decreased--the need for trained people in a variety of public health specialties: administration and planning, environmental and occupational health, nutrition and maternal and child health, biostatistics and epidemiology, preventive medicine and dentistry and others. This was substantiated further by the July 1979 Surgeon General's Report Healthy People. Shortages do exist in some key public health fields. Traineeships are ways to ensure that shortage areas are adequately filled.

ASPH urges the Committee to appropriate $3.5 million in FY 1984 funds for student support in Schools of Public Health.

III. Preventive Medicine and Public Health Residencies

ASPH requests $1.5 million in FY 1984 funds to support residency training for students of preventive medicine and dentistry in Schools of Public Health.

Justification

ASPH urges the Committee to appropriate funds that provide support to residencies in public health and preventive medicine. Healthy People underlined the need to increase the supply of professionals in these special practice areas. Also a recent Institute of Medicine report, "A Manpower Policy for Primary Health Care," made a number of recommendations including one to increase the number of residency positions in preventive medicine.**

ASPH concurs with its sister organizations, the American College of Preventive Medicine and the American Teachers of Preventive Medicine, in their efforts to have Congress recognize the special needs of programs in preventive medicine. They maintain that if a change is to be effected in the health care system to bring about a greater emphasis on prevention, a change must be made in the attitudes and behavior of the medical profession. Medical students, and hence physicians, are not trained to understand the potential of prevention. To promote an awareness of prevention within the medical profession, it is necessary to foster integration of prevention principles within federal policy regarding health manpower training.

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* See attachment A

** The October 1980 GMENAC report also urged support for preventive medicine training.

IV. Health Personnel Data and Manpower Projections

ASPH urges adequate support in FY 1984 for projects to collect, compile and analyze data on health manpower. With the demands being placed on the Schools of Public Health to provide data to the executive and legislative branches of the federal government, it becomes imperative that a centralized system of data collection be continued. At the present time such a system is operating and can provide information on applicants, students, graduates, faculty research projects and expenditures in Schools of Public Health. Because of the need for authentic data produced in a timely fashion, federal funding is necessary to maintain surveillance on public health manpower production in the Schools of Public Health.

V. Special Projects

ASPH supports the Administration's FY 1984 request to reinstate public health special projects but not at the expense of institutional support. The President's budget includes a legislative proposal to terminate capitation and re-institutionalize specific, narrowly-focused, categorical special project grants that Congress eliminated in the Reconciliation Act. ASPH would support this proposal if it were accompanied with institutional support funds. Indeed, the Schools of Public Health need stable basic support in order to maintain a core faculty capable of responding to identified priorities. Project grants provide support for the development of training opportunities in public health to meet emerging national priorities for public health manpower competencies in such areas as: nutrition, epidemiology, health promotion, environmental toxicology, among others.

ASPH supports the Administration's request of $2.6 million in FY 1984 funds for special projects. These funds will provide support for curriculum development that will enable the Schools to stay current with technological and scientific advances in public health and medical fields. ASPH believes that increases for special project grants would provide the basic generic support for improving the quality of curriculum and teaching techniques to provide health promotion and disease prevention as well as health services management activities in the community, state and Nation.

IV. Summary

ASPH urges the Administration and Congress to initiate programs that implement the Surgeon General's Healthy People thesis:

> It is the thesis of this report that further improvements in the health of the American people can and will be achieved--not alone through increased medical care and greater health expenditures--but through a renewed national commitment to efforts designed to prevent disease and to promote health.

Further, the Administration and Congress should provide support to another finding in Healthy People:

> In the field of public health, in contrast to personal health, manpower shortages are believed to exist in some key fields, including occupational health, epidemiology, biostatistics and health services administration.

ASPH believes that continued federal assistance is actually an investment at the front end of the health care system. The Schools (i.e., through their students, graduates, researchers, faculty and community service programs) will not only help prevent illness but will also help slow down the rapidly escalating costs of medical care. Providing basic institutional and student support is a means whereby the federal government can share the costs with state and private institutions for the training of public health personnel to manage and operate governmental health programs. Public health is a public responsibility. Schools of Public Health train personnel for public service. The federal government has a direct interest in assuring that an adequate supply of public health personnel is trained in quality institutions to manage and operate the health delivery system in the national interest.

The following chart outlines ASPH requests for FY 1984 and budget history of programs of primary concern to Schools of Public Health.

FY 1984 Appropriations (Millions)

	FY 1981	Final FY 1982	Final FY 1983	FY 1984 Pres. Request	FY 1984 Auth	FY 1984 ASPH Request
Institutional Support	$4.5	$4.1	$4.1	$ 0	$7.5	$7.0
Traineeships	$7.0	$3.0	$2.5	$2.6	$4.0	$3.5
Preventive Medicine Residencies	$ 0	$ 0	$1.0	$1.0	$2.0	$1.5
Special Projects	$2.8	----	$ 0	$2.6	----	----

The Association's recommendation would provide a means whereby the federal government can share costs with the universities for the training of public health professionals in short supply: epidemiologistsk biostatisticians, environmental health workers, among others.

In summary, public health professionals play a key role in maintaining the nation's health.* They are state and local health officers, toxic-waste managers, specialists in controlling epidemics, directors of immunization programs, organizers of preventive health-care programs for the elderly, health educators, and administrators of health-service agencies, to cite but a few examples. Such professionals are the main reason drinking water is free of infectious agents, food and beverages are safe to consume, and diseases like measles, tetanus and diptheria have been all but eradicated.

Applications of the principles and practice of public health have also had dramatic results in more recent memory. The near elimination of polio in the United States and other industrialized nations, and the worldwide eradication of smallpox are two recent examples of the effect of public health research and practice.

With the control of infectious diseases, the chronic illnesses are now our major causes of death and disability. Heart disease, cancer and stroke are currently responsible for the majority of all deaths in the U.S. Application of approaches unique to public health, proven successful in controlling infectious diseases, are vital in the effort to limit the toll from these chronic ailments.

ATTACHMENT A

ASSOCIATION OF SCHOOLS OF PUBLIC HEALTH

Highlights of the Data on 1981 Graduates
Surveyed in February 1982

Employment

1981	78.1%	of the graduates are employed
	12.5%	of the graduates have continued their education
	9.4%	of the graduates are unemployed

Type of Employing Organization

43.8%	of employed graduates work for tax supported organizations such as Federal, State, Regional or Local Government
26.8%	of employed graduates work for Voluntary Health Agencies
22.7%	of employed graduates work for Proprietary Organizations

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* See Attachment B

Types of Services Which Graduates are Providing

40.0% of graduates are providing Administrative, Planning or Evaluation Services

34.3% of graduates are providing Technical Services such as Clinical, Laboratory, Social and Environmental Services

14.1% of graduates are providing Education and Training to others in Public Health

6.8% of graduates are providing Public Health Community Organizational Services

4.7% of graduates are providing Consultation Services

Earning Levels of Employed Graduates

50% of employed graduates earn less than $22,000 per year

Financial Assistance During Training

58.7% of graduates depended on traineeships, scholarships, fellowships, grants, loans or employer subsidation as the primary source of funds for meeting educational expenses

Education Related Indebtedness

60% of graduates reported some amount of education related indebtedness. The mean indebtedness for all graduates (including those reporting no debt after graduation) was $4,565

ATTACHMENT B

PUBLIC HEALTH EDUCATION

Why It is Critical to Curbing the High Cost of Health-Care

Public health professionals are engaged in preventive health-care--stopping disease before it happens--and reducing injury levels. Thus, they are helping to curb inflation in the $240 billion health-care industry. Yet the Administration wants to terminate federal institutional assistance to Schools of Public Health that train these professionals.

The reductions would force the nation's Schools of Public Health to turn away many qualified students, and cut support for faculty, especially junior faculty. This would be an extreme instance of false economy. Here are some reasons why:

- Public health professionals play a key role in maintaining the nation's health. They are state and local health officers, toxic-waste managers, specialists in controlling epidemics, directors of immunization programs, organizers of preventive health-care programs for the elderly, health educators, and administrators of health-service agencies, to cite but a few examples.
- Such professionals are the main reason drinking water is free of infectious agents, food and beverages are safe to consume, and diseases like polio, tetanus and diptheria have been all but eradicated.
- Public health specialists are in short supply. A federal task force recently projected a shortfall of 1,750 in the 7,300 doctors specializing in preventive medicine who will be needed by 1990. Other federal studies project shortages of as many as 10,000 health-service administrators by the mid-1980s, as well as deficits in such fields as epidemiology and industrial hygiene.

The economic benefits of preventive health-care programs have been repeatedly demonstrated:

- Measles immunization is estimated to be worth 10 times its costs, resulting from avoidance of the roughly 4 million cases and 400 deaths occurring before mass immunizations began in the early 1960s. Other immunization programs, such as those for rubella and polio, are likewise highly cost-effective.

- Programs like the screening of older men for hypertension, and the use of fluoride to combat dental caries have strongly favorable cost-benefit ratios. The Center for Disease Control says the $27 million invested by the U.S. in the successful global campaign against smallpox returns that amount in savings roughly every two months, because vaccination programs are no longer needed.

- Common sense suggests many public health measures never analyzed in cost-benefit terms are highly cost-effective. Public health professionals prevented a Venezuelan Equine Encephalitis epidemic in the U.S. in the early '70s, sparing us the hundreds of thousands of cases, and hundreds of deaths, that occurred in Central and South America. It was a public health professional who blocked approval of the deadly drug thalidomide. More recently, other such professionals have led the successful effort to cut the incidence of toxic-shock syndrome.

- Public health professionals are dealing with the major killers. The mortality rate from cardiovascular diseases dropped 28 percent between 1968 and 1978, meaning more than 300,000 deaths avoided. Changes in diet and lifestyle, many induced by public health education efforts, undoubtedly played a significant role in this reduction.

Despite its cost-effectiveness, prevention is the stepchild of national health policies. Only 4 percent of federal health dollars are spent on it. Yet there is tremendous potential for public health professionals to make further inroads on the high costs of ill health. For example:

- Health of senior citizens -- The elderly population is expected to swell from 24 million, or 11 percent of the total, to 50 million, or 17 percent, over the next 50 years. Right now, it's estimated at least 25 percent of the elderly have conditions that require regular health-care services. New preventive efforts to help the elderly lead healthy lives are badly needed, or the demand on health-care services will drive inflation in the health-care industry to yet higher levels.

- Toxic wastes -- Experience has shown that failing to deal effectively with toxic wastes can exact a high cost. The chemical wastes dumped at Love Canal could have been safely disposed of for about $4 million. To date, more than $100 million has been spent to clean up the site, and relocate residents. Public health professionals are needed both to manage the disposal and to allay public fears that the problem is not being brought under control.

- Chronic disease prevention -- Comparisons with other industrialized countries show great potential for cutting U.S. death and illness rates for many diseases through prevention. It has been estimated that a minimum of 39 percent of deaths from major cardiovascular diseases, 25 percent of deaths from cancer and 17 percent of deaths from respiratory diseases could be avoided with improved prevention. These percentages will rise as researchers discover new screening techniques and early treatment methods.

To deal with these and other growing health concerns will require more trained professionals. Not only will the reductions rule that out, they may force large numbers of the 7,000 students currently enrolled in public health schools to drop out. Most of these students, including the minority who are M.D.s, tend to enter public service. Thus, they cannot borrow heavily against high future earnings, as can M.D. candidates who plan to enter private practice. Neither the states nor the private sector can be expected to make up the federal contribution.

STATEMENT OF DR. GERALD R. GEHRINGER, PRESIDENT, AMERICAN ACADEMY OF FAMILY PHYSICIANS

Senator WEICKER. Dr. Gerald Gehringer, president of the American Academy of Family Physicans. Dr. Gehringer.

Dr. GEHRINGER. Thank you, sir. As you said, I am Dr. Gehringer, head of the department of family medicine, Louisiana State University, and I represent the American Academy of Family Physicians, which represents more than 55,000 doctors nationwide. You have my written testimony. I want to highlight a few things that I think are important.

In the past, Congress has been investing in family practice training and we hope you recognize this financial support has paid off in some very real results. The first result is growth. The specialty has grown from no residencies in 1969 to 387 residency programs now, with over 7,000 residents in training. We have graduated over 12,000 young family physicians in this country. The second result has been access. Survey data we have collected shows that about 50.2 percent of doctors we have trained are locating in communities with a population of less than 25,000. We believe these figures demonstrate that Federal dollars invested today are showing a return in quality health care for a growing number of Americans.

The academy believes the overriding concern for fiscal restraint merely strengthens the case for family practice, and that is because resources available to finance medical education are limited. A sound investment of these resources in family practice, residency programs, which train physicians to treat the vast majority of health problems, is important.

With escalating health care costs, there is the universal desire to contain these costs. The promotion of family medicine certainly promotes cost-effective care. Because the medical care system is becoming more complex, it is even more important for each individual to have access to a good personal family physician. Federal funding is vital to the operation of family practice residency programs, and this is why.

A survey done at the University of Wyoming showed the average family practice program can only generate about 20 percent of the income necessary to operate that program. These programs teach comprehensive preventive care in an ambulatory setting, in a format critically different from the traditional graduate medical education, which focuses on expensive inpatient care. Third-party reimbursement falls far short as a foundation for family practice training, because such coverage has a bias toward inpatient care. In addition, the procedures which are taught and performed in an inpatient residency program are for the most part technology-intensive highly costly procedures. Whether they are reimbursed by third party or by individual patients, they generate a heck of a lot of income. The procedures which our educators are teaching young family doctors, in contrast, are relatively inexpensive procedures, and as such cannot generate patient income revenues sufficient to underwrite family training and family practice.

To quote that study further, the future of family medical education is highly dependent upon widespread understanding that its funding needs are different. Family medicine has been supported as a national priority with high standards for training and certification, a potential for overcoming maldistribution problems and an emphasis upon ambulatory rather than expensive inpatient critical care. We continue to share these goals.

In a sense, these are societal as well as program goals. Experts are predicting a residency shortage appears to be imminent. Family practice residencies, because of the unique depency on support other than patient care revenues, are particularly vulnerable.

The academy continues to seek your support. For these reasons, we ask that we be supported the same as we were last year, for $34 million for the family practice residency programs. This supports 145 family practice programs and some other programs.

Currently, we are supported by $8.84 million, and this supports 40 departments of family practice. If it is true that family practice and societal goals for health care are largely the same—and we believe it is—then our progress today must not be diminished, our projections of a near balance in supply and demand by 1990 must not be jeopardized. And the Academy of Family Physicians strongly urges your continued support.

Thank you. I'll be happy to answer any questions, Senator Weicker.

Senator WEICKER. Thank you. I think it's pretty clear as to the substantial cut that is being asked for here. We will be reading your statement in its entirety. Thank you very much.

Dr. GEHRINGER. Thank you.

[The statement follows:]

STATEMENT OF GERALD R. GEHRINGER, M.D.

MR. CHAIRMAN AND MEMBERS OF THE SUBCOMMITTEE, I AM DR. GERALD GEHRINGER, DIRECTOR OF THE DEPARTMENT OF FAMILY MEDICINE AT LOUISIANA STATE UNIVERSITY SCHOOL OF MEDICINE IN NEW ORLEANS. I CURRENTLY SERVE AS PRESIDENT OF THE AMERICAN ACADEMY OF FAMILY PHYSICIANS, WHICH REPRESENTS MORE THAN 55,000 FAMILY DOCTORS NATIONWIDE.

IN THE PAST, LEADERS OF OUR ACADEMY HAVE TESTIFIED BEFORE DISTINGUISHED PANELS SUCH AS THIS, TO PLEAD OUR CASE FOR FEDERAL SUPPORT OF FAMILY PRACTICE EDUCATION. MOST OF YOU ARE THOROUGHLY FAMILIAR WITH THE QUALITY, COMPREHENSIVE AND CONTINUING CARE WHICH OUR RESIDENCY GRADUATES ARE TRAINED TO DELIVER. CONGRESS HAS BEEN INVESTING IN FAMILY PRACTICE TRAINING, AND WE HOPE YOU RECOGNIZE THAT THIS FINANCIAL SUPPORT HAS PAID OFF IN SOME VERY REAL RESULTS.

THE FIRST RESULT IS GROWTH. THE SPECIALTY OF FAMILY PRACTICE STARTED IN 1969 WITH ONLY 15 APPROVED TRAINING PROGRAMS. THE MATERIAL APPENDED TO MY WRITTEN STATEMENT AS ATTACHMENT A SHOWS THAT BY JULY OF 1982, 12,834 FAMILY PRACTICE RESIDENTS HAD GRADUATED, AND THERE WERE 387 RESIDENCY PROGRAMS ACCREDITED WITH AN ENROLLMENT OF 7,204 RESIDENTS IN TRAINING.

A SECOND RESULT IS PATIENT ACCESS. SURVEY DATA WE HAVE COLLECTED SINCE 1975 SHOWS THAT RESIDENCY PROGRAM GRADUATES ARE LOCATING THEIR PRACTICES IN RURAL AS WELL AS URBAN AREAS. THE FIGURES IN ATTACHMENT B OF MY WRITTEN STATEMENT SHOW THAT OVER THE PAST THREE YEARS, AN AVERAGE OF 50.2% OF FAMILY PRACTICE RESIDENCY GRADUATES ENTERED PRACTICE IN COMMUNITIES WITH POPULATIONS OF 25,000 OR LESS.

WE BELIEVE THESE FIGURES DEMONSTRATE THAT FEDERAL DOLLARS INVESTED TO DATE ARE SHOWING A RETURN. . .IN QUALITY HEALTH CARE FOR GROWING NUMBERS OF AMERICANS.

AS YOU BEGIN CONSIDERATION OF YOUR FUNDING RECOMMENDATIONS FOR FISCAL YEAR 1984, FEDERAL DOLLARS ARE TIGHTER THAN EVER AND FUNDING DECISIONS ARE TOUGHER THAN EVER. THE AAFP BELIEVES THAT THE OVERRIDING CONCERN FOR FISCAL RESTRAINT MERELY STRENGTHENS THE CASE FOR FAMILY PRACTICE. BECAUSE RESOURCES AVAILABLE TO FINANCE MEDICAL EDUCATION ARE LIMITED, A SOUND INVESTMENT OF THESE RESOURCES IS IN FAMILY PRACTICE RESIDENCY PROGRAMS, WHICH TRAIN PHYSICIANS TO TREAT THE VAST MAJORITY OF HEALTH PROBLEMS. BECAUSE HEALTH CARE COSTS ARE ESCALATING RAPIDLY AND THERE IS A UNIVERSAL DESIRE TO CONTAIN SUCH COSTS, THE PROMOTION OF FAMILY PRACTICE -- WITH ITS EMPHASIS ON PREVENTIVE, AMBULATORY CARE -- PROMOTES COST EFFECTIVE TREATMENT. BECAUSE THE MEDICAL CARE SYSTEM IS BECOMING MORE COMPLEX, IT IS INCREASINGLY IMPORTANT FOR EACH INDIVIDUAL TO HAVE ACCESS TO A PERSONAL FAMILY PHYSICIAN WHO HAS THE TRAINING TO ASSUME RESPONSIBILITY FOR COORDINATING HEALTH CARE ON A CONTINUING, COMPREHENSIVE BASIS.

FEDERAL FUNDING IS UNIQUELY VITAL TO THE OPERATION OF FAMILY PRACTICE RESIDENCY PROGRAMS BECAUSE THE RESIDENCIES ARE THEMSELVES UNIQUE. THEY DO NOT FIT THE TRADITIONAL GRADUATE MEDICAL EDUCATION MOLD AND, AS SUCH, CANNOT LIVE UP TO WHAT ONE INDEPENDENT STUDY FROM THE UNIVERSITY OF MISSOURI - COLUMBIA CALLS THE "UNSPOKEN EXPECTATION. . .THAT PRIMARY CARE EDUCATION, IN COMMON WITH OTHER GRADUATE MEDICAL EDUCATION, ULTIMATELY MUST BE SUPPORTED LARGELY FROM PATIENT CARE INCOME." THIS 1981 STUDY DOCUMENTS WHAT FAMILY MEDICINE EDUCATORS HAVE BEEN FACING: UNCONTROLLABLE FACTORS KEEP COSTS HIGH AND PATIENT INCOME LOW. WHILE TRADITIONAL THEORY HOLDS THAT APPROXIMATELY ONE-HALF OF PROGRAM COSTS SHOULD BE RECOVERABLE THROUGH INCOME FROM PATIENT SERVICES, REALITY SHOWS THAT TO BE AN UNREALISTIC EXPECTATION FOR FAMILY PRACTICE. A NATIONAL SURVEY IN 1975-76 BY THE HEALTH PLANNING RESOURCE CENTER AT THE UNIVERSITY OF WYOMING SHOWED THAT THE AVERAGE FAMILY PRACTICE RESIDENCY GENERATED ONLY 20% OF TOTAL PROGRAM COSTS THROUGH PATIENT REVENUES; A CONCLUSION BORN OUT AGAIN IN THE UNIVERSITY OF MISSOURI STUDY.

THE FAMILY PRACTICE RESIDENCY TEACHES COMPREHENSIVE, PREVENTIVE CARE IN AN AMBULATORY SETTING -- A FORMAT CRITICALLY DIFFERENT FROM TRADITIONAL GRADUATE MEDICAL EDUCATION, WHICH FOCUSES ON INPATIENT CARE. THIRD-PARTY REIMBURSEMENT FALLS SHORT AS A FOUNDATION FOR FAMILY PRACTICE TRAINING BECAUSE SUCH COVERAGE HAS A BIAS TOWARD INPATIENT CARE.

IN ADDITION, THOSE PROCEDURES WHICH ARE TAUGHT AND PERFORMED IN AN INPATIENT RESIDENCY PROGRAM ARE FOR THE MOST PART TECHNOLOGY-INTENSIVE, HIGHLY COSTLY PROCEDURES. WHETHER THEY ARE REIMBURSED BY THIRD-PARTIES OR BY INDIVIDUAL PATIENTS, THEY GENERATE LARGE AMOUNTS OF INCOME. THOSE PROCEDURES WHICH OUR EDUCATORS ARE TEACHING YOUNG FAMILY DOCTORS -- THOROUGH HISTORIES AND COMPLETE PHYSICALS. . .THOSE PROCEDURES WHICH WE BELIEVE CONTRIBUTE TO BETTER HEALTH AND MORE COST-EFFECTIVE HEALTH CARE -- VACCINATIONS, PREVENTIVE CARE AND COUNSELING. . .ARE RELATIVELY INEXPENSIVE PROCEDURES AND, AS SUCH, CANNOT GENERATE PATIENT REVENUES SUFFICIENT TO UNDERWRITE GRADUATE TRAINING IN FAMILY MEDICINE.

TO QUOTE THAT UNIVERSITY OF MISSOURI STUDY WHICH I CITED EARLIER: "THE FUTURE OF FAMILY MEDICINE EDUCATION IS HIGHLY DEPENDENT UPON A WIDESPREAD UNDERSTANDING THAT ITS FINANCING NEEDS ARE DIFFERENT. FAMILY MEDICINE HAS BEEN SUPPORTED AS A NATIONAL PRIORITY WITH HIGH STANDARDS FOR TRAINING AND CERTIFICATION, A POTENTIAL FOR OVERCOMING MALDISTRIBUTION PROBLEMS, AND AN EMPHASIS UPON AMBULATORY RATHER THAN EXPENSIVE INPATIENT CARE. IN A SENSE, THESE ARE SOCIETAL AS WELL AS PROGRAM GOALS AND A CONTINUED SHARING OF THE COSTS OF TRAINING IS ESSENTIAL."

THE REPORT OF THE GRADUATE MEDICAL EDUCATION NATIONAL ADVISORY COUNCIL RECOMMENDED THAT MEDICAL SCHOOL GRADUATES IN THE 1980'S SHOULD BE "STRONGLY ENCOURAGED. . . TO ENTER TRAINING AND PRACTICE IN GENERAL PEDIATRICS, GENERAL INTERNAL MEDICINE, AND FAMILY PRACTICE," EVEN IN LIGHT OF GMANEC PROJECTIONS THAT THERE WILL BE A "NEAR BALANCE" BETWEEN THE FAMILY PHYSICIAN SUPPLY AND DEMAND BY 1990. I WOULD ASK YOU TO CONSIDER THAT THE GMFNAC

PROJECTIONS FOR A "NEAR BALANCE" WERE BASED ON MAINTENANCE OF THE STATUS QUO AT A TIME, SEVERAL YEARS AGO, WHEN THE DATA SHOWED CONTINUING GROWTH IN THE NUMBER OF FAMILY PRACTICE RESIDENCY POSITIONS. TODAY, HOWEVER, WE ARE FACED WITH THE "SHRINKAGE" OF MEDICAL EDUCATION, AS EVIDENCED IN STATISTICS COMPILED DURING THE NATIONAL RESIDENCY MATCHING PROGRAM IN FEBRUARY OF THIS YEAR. THE NUMBER OF RESIDENCY POSITIONS AVAILABLE IN ALL SPECIALTIES DECREASED BY 348 FROM THE PREVIOUS YEAR, WHILE THE NUMBER OF APPLICATIONS INCREASED BY NEARLY 3,000. EXPERTS ARE PREDICTING THAT A RESIDENCY SHORTAGE APPEARS TO BE IMMINENT, AND FAMILY PRACTICE RESIDENCIES -- BECAUSE OF THEIR UNIQUE DEPENDENCY ON SUPPORT OTHER THAN PATIENT CARE REVENUES -- ARE PARTICULARLY VULNERABLE.

AND SO YOU SEE OUR PROBLEM: THE AAFP AND FAMILY MEDICINE EDUCATORS CONTINUE TO SEEK VIABLE ALTERNATIVE SOURCES FOR MEETING PROGRAM COSTS; BUT, FOR NOW, WE NEED YOUR HELP. WE ALSO SEE YOUR PROBLEM: CONSTRAINT IS THE ORDER OF THE DAY. WE SUPPORT THE EFFORTS OF THE ADMINISTRATION AND THIS CONGRESS TOWARD APPROACHING A BALANCED FEDERAL BUDGET, AND RECOGNIZE THAT SPENDING FOR DISCRETIONARY PROGRAMS MUST BE RESTRAINED TOWARD THAT END.

FOR THESE REASONS, THE AMERICAN ACADEMY OF FAMILY PHYSICIANS IS ASKING THAT FEDERAL SUPPORT OF FAMILY PRACTICE EDUCATION BE CONTINUED IN FISCAL YEAR 1984 AT FY 1983 FUNDING LEVELS. SECTION 786 OF THE PUBLIC HEALTH SERVICE ACT IS CURRENTLY FUNDED AT $34 MILLION. THAT LEVEL OF SUPPORT HELPS TO FUND 145 FAMILY PRACTICE RESIDENCY TRAINING PROGRAMS, 63 PREDOCTORAL PROGRAMS, AND 13 PROGRAMS TO TRAIN TEACHERS OF FAMILY MEDICINE. CURRENT FUNDING OF SECTION 780 AT $8.84 MILLION HELPS SUPPORT 40 DEPARTMENTS OF FAMILY PRACTICE.

IF IT IS TRUE THAT FAMILY PRACTICE AND SOCIETAL GOALS FOR HEALTH CARE ARE LARGELY THE SAME -- AND WE BELIEVE IT IS -- THEN OUR PROGRESS TO DATE MUST NOT BE DIMINISHED; OUR PROJECTION OF A "NEAR BALANCE" IN SUPPLY AND DEMAND BY 1990 MUST NOT BE

JEOPARDIZED. THE AMERICAN ACADEMY OF FAMILY PHYSICIANS STRONGLY URGES YOUR CONTINUED SUPPORT.

MR. CHAIRMAN, THIS CONCLUDES MY STATEMENT. I WOULD LIKE TO THANK YOU AND THE MEMBERS OF THE SUBCOMMITTEE FOR GIVING ME THE OPPORTUNITY TO PRESENT THE ACADEMY'S VIEWS. AT THIS TIME, I'LL BE HAPPY TO ANSWER ANY QUESTIONS WHICH YOU MIGHT HAVE.

ATTACHMENT A

RESULTS OF ANNUAL SURVEY OF FAMILY PRACTICE RESIDENTS PROGRAMS

July, 1982

I. Programs:

A. Total Accredited Programs:		387
1. Newly accredited programs that have not yet accepted residents		2
B. Program Structure Types		
1. Community Hospital Based	46	
2. Community Based & Medical School Affiliated	208	
3. Community Based & Medical School Administered	53	
4. Medical School Based	63	
5. Military Program	17	

II. Residents:

A. Total Residents		7,204
1. Total First Year Residents	2,578	
2. Total Second Year Residents	2,413	
3. Total Third Year Residents	2,213	
B. Total Approved First Year Positions		2,657
C. First Year Fill Rate		97%

D. Increase/Decrease Class Size by Year

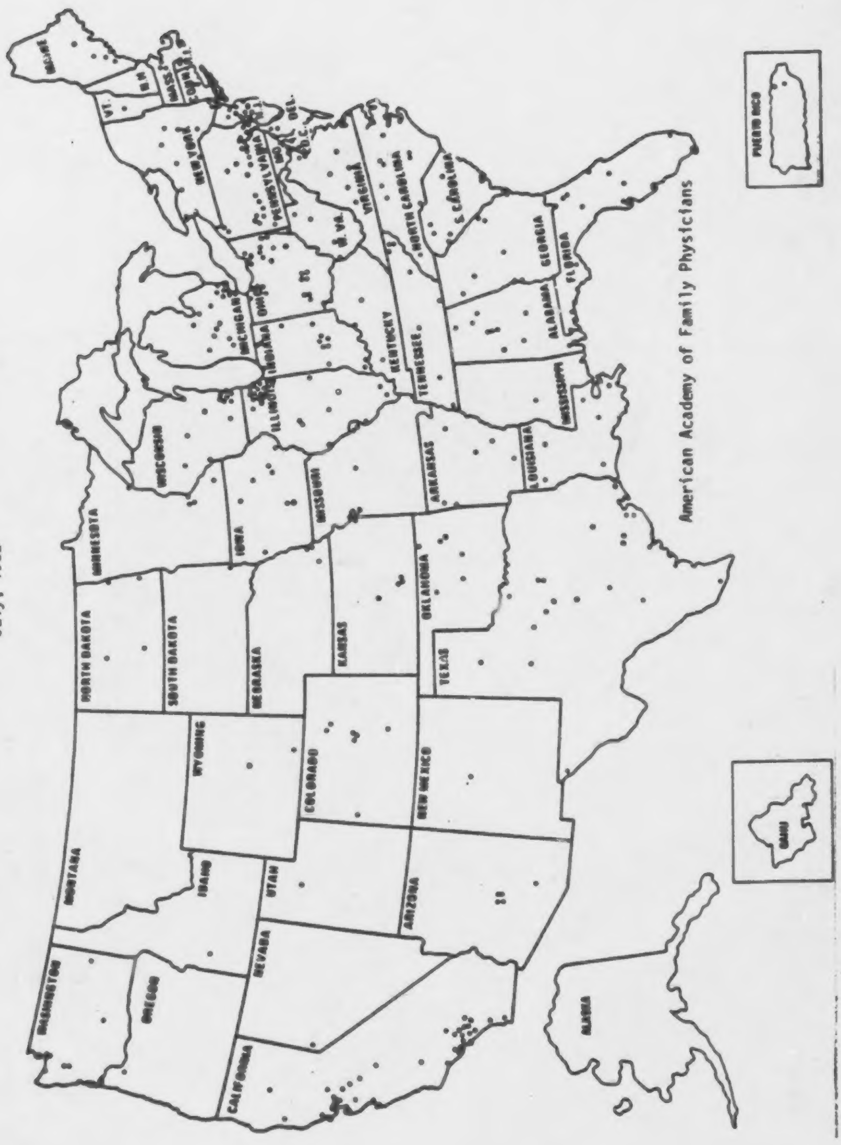
	1980-81	1981-82	1982-83
Class of '83	2,365	2,302	2,213
Class of '84	——	2,489	2,413
Class of '85	——	——	2,578

III. Residency Graduates:

A. Total July, 1982 Residency Graduates	2,183
B. Total graduates from family practice residency programs since January 1, 1970	12,834

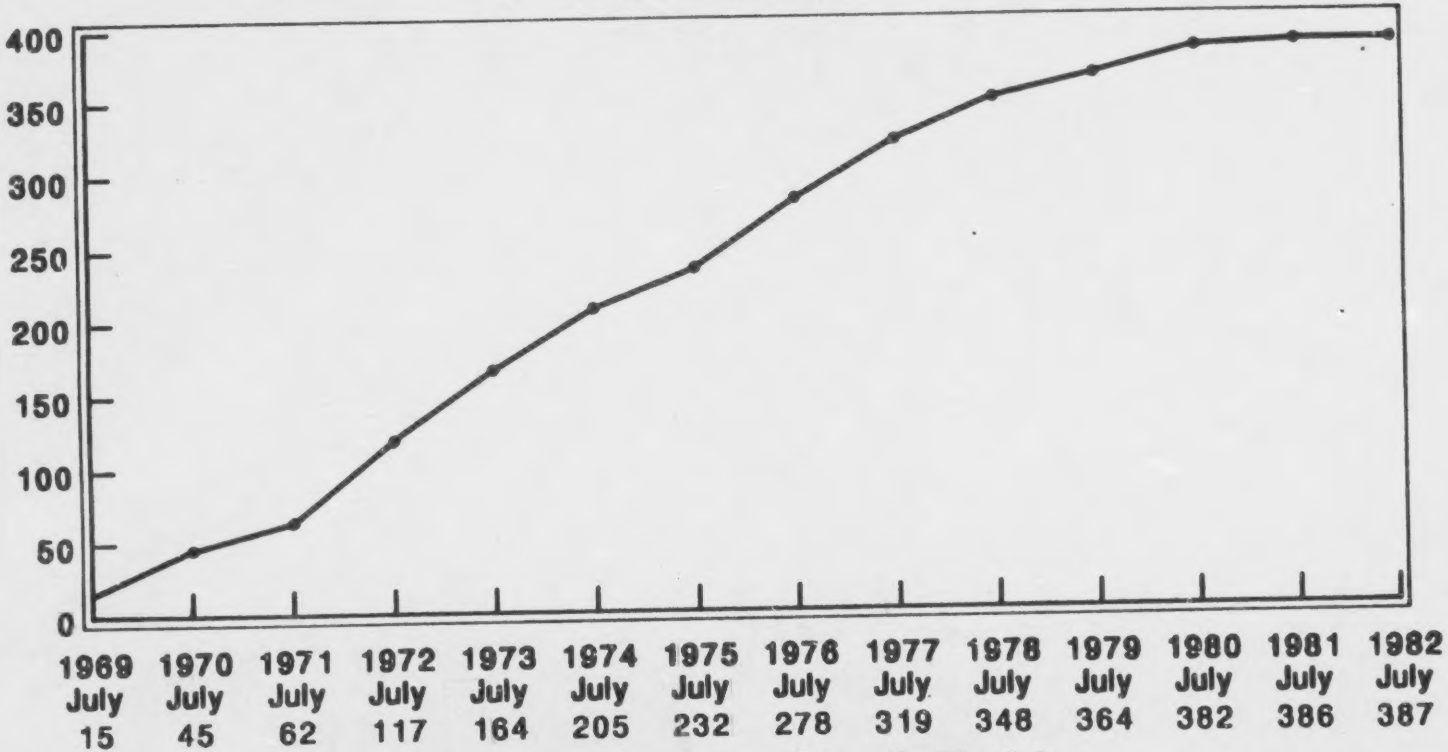
FAMILY PRACTICE RESIDENCY PROGRAMS

July, 1982


MAINE
VT.
N.H.
MASS.
CONN.
R.I.
NEW YORK
PENNSYLVANIA
N.J.
DEL.
MD.
D.C.
W. VA.
VIRGINIA
NORTH CAROLINA
S. CAROLINA
GEORGIA
FLORIDA
ALABAMA
MISSISSIPPI
TENNESSEE
KENTUCKY
OHIO
MICHIGAN
INDIANA
ILLINOIS
WISCONSIN
MINNESOTA
IOWA
MISSOURI
ARKANSAS
LOUISIANA
TEXAS
OKLAHOMA
KANSAS
NEBRASKA
SOUTH DAKOTA
NORTH DAKOTA
MONTANA
WYOMING
COLORADO
NEW MEXICO
ARIZONA
UTAH
IDAHO
NEVADA
CALIFORNIA
OREGON
WASHINGTON
ALASKA
OAHU
PUERTO RICO

American Academy of Family Physicians

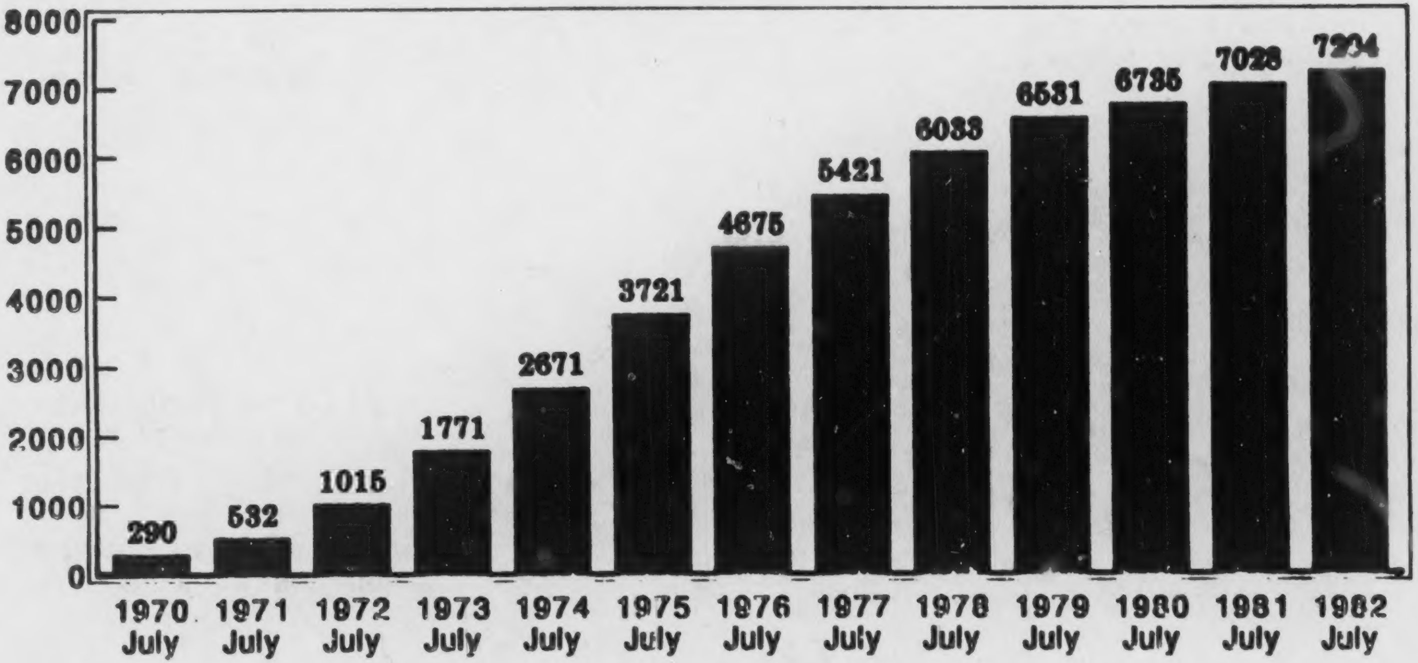
ACCREDITED FAMILY PRACTICE RESIDENCIES
JULY 1982



The American Academy of Family Physicians

AAFP 150-B

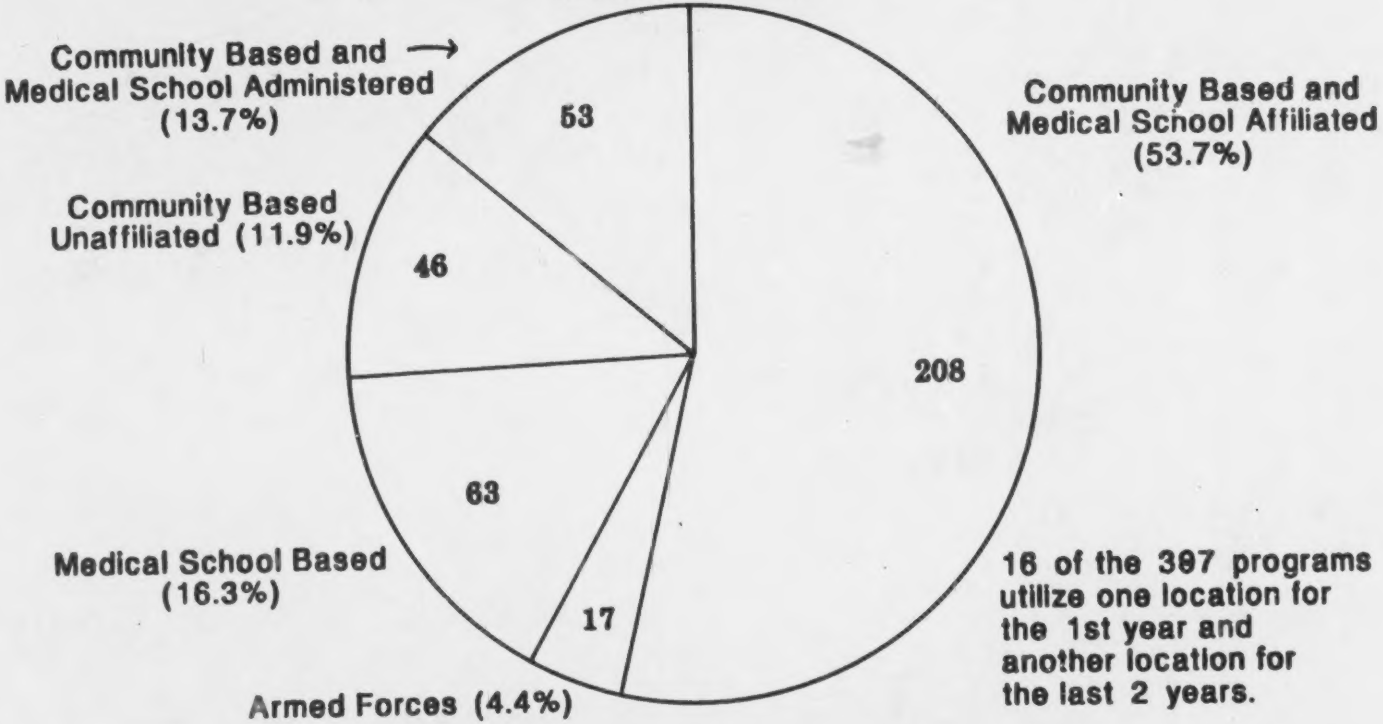
NUMBER OF RESIDENTS IN FAMILY PRACTICE PROGRAMS
JULY 1982



The American Academy of Family Physicians

AAFP 150-C

387 ACCREDITED FAMILY PRACTICE RESIDENCIES
JULY 1982



16 of the 387 programs
utilize one location for
the 1st year and
another location for
the last 2 years.

The American Academy of Family Physicians

AAFP 150-D

ATTACHMENT B

American Academy of Family Physicians

REPORT ON SURVEY OF 1982 GRADUATING FAMILY PRACTICE RESIDENTS

The total number of graduates surveyed was 2183. Of this number 1934 (89%) responded. Of these respondees, 1831 indicated type of practice arrangement and 1522 specified the size of the community which they plan to serve. A summary of the results as of July 1982, follows.

The data from 1977, 1978 and 1979 has been re-analyzed to conform with the 1980, 1981 and 1982 statistics. Caution must be exercised in comparing data previous to 1977 because of changes made to data analysis. However, the revised 1977-1979 data may be directly compared with the 1980-1982 data with confidence.

PRACTICE ARRANGEMENTS OF 1982 GRADUATING RESIDENTS

Type of Practice Arrangements	Number of Reporting Grads	Percentage of Total Reporting Grads
Family Practice Group	410	22.4%
Multi-Specialty Group	167	9.1%
Two-Person Family Practice Group (Partnership)	295	16.1%
Solo	277	15.1%
Practice (arrangement not specified)	98	5.4%
Military	119	6.5%
Teaching	67	3.7%
USPHS	124	6.8%
Emergency Room	80	4.4%
Hospital Staff	22	1.2%
Research	4	,2%
Administrative	6	.3%
Further Training	42	2.3%
Fellowship	35	1.9%
None of the above	85	4.6%
	1,831	100.0%

DISTRIBUTION OF 1982 GRADUATING RESIDENTS BY COMMUNITY SIZE

Character and Population of Community	Number of Reporting Grads	Percentage of Total Reporting Grads	Cummulative Percentage of Total Reporting Grads
Rural area or town (less than 2500) not within 25 miles of large city	113	7.4%	7.4%
Rural area or town (less than 2500) within 25 miles of large city	42	2.8%	10.2%
Small town (2500-25,000) not within 25 miles of large city	384	25.2%	35.4%
Small town (2500-25,000) within 25 miles of large city	221	14.5%	49.9%
Small City (25,000-100,000)	234	15.4%	65.3%
Suburb of small metropolitan area	50	3.3%	68.6%
Small metropolitan area (100,000-500,000)	163	10.7%	79.3%
Suburb of large metropolitan area	141	9.3%	88.6%
Large metropolitan area (500,000 or more)	108	7.1%	95.7%
Inner city/low income area (500,000 or more)	66	4.3%	100.0%
	1,522	100.0%	

American Academy of Family Physicians

REPORT ON SURVEY OF
1981 GRADUATING FAMILY PRACTICE RESIDENTS

The total number of graduates surveyed was 2072. Of this number 1874 (90.4%) responded. Of these respondees, 1670 indicated type of practice arrangement and 1452 specified the size of the community which they plan to serve. A summary of the results as of July, 1981, follows.

The data from 1977, 1978 and 1979 has been re-analysed to conform with the 1980 and 1981 statistics. Caution must be exercised in comparing data previous to 1977 because of changes made to data analysis. However, the revised 1977-1979 data may be directly compared with the 1980 and 1981 data with confidence.

PRACTICE ARRANGEMENTS OF 1981 GRADUATING RESIDENTS

Type of Practice Arrangement	Number of Reporting Grads	Percentage of total Reporting Grads
Family Practice Group	422	25.3%
Multi-Specialty Group	112	6.7%
Two-Person Family Practice Group (Partnership)	264	15.8%
Solo	247	14.8%
Practice (arrangement not specified)	63	3.8%
Military	117	7.0%
Teaching	56	3.4%
USPHS	158	9.5%
Emergency Room	96	5.7%
Hospital Staff	18	1.1%
Research	2	.1%
Administrative	4	.2%
Further Training	39	2.3%
Fellowship	30	1.8%
None of the above	42	2.5%
	1,670	100.0%

DISTRIBUTION OF 1981 GRADUATING RESIDENTS BY COMMUNITY SIZE

Character and Population of Community	Number of Reporting Grads	Percentage of Total Reporting Grads	Cumulative Percentage of Total Reporting Grads
Rural area or town (less than 2500) not within 25 miles of large city	107	7.4%	7.4%
Rural area or town (less than 2500) within 25 miles of large city	89	6.1%	13.5%
Small town (2500-25,000) not within 25 miles of large city	328	22.6%	36.1%
Small town (2500-25,000) within 25 miles of large city	225	15.5%	51.6%
Small City (25,000-100,000)	255	17.6%	69.2%
Suburb of small metropolitan area	48	3.3%	72.5%
Small metropolitan area (100,000-500,000)	135	9.3%	81.8%
Suburb of large metropolitan area	109	7.5%	89.3%
Large metropolitan area (500,000 or more)	98	6.7%	96.0%
Inner city/low income area (500,000 or more)	58	4.0%	100.0%
	1,452	100.0%	

American Academy of Family Physicians

REPORT ON SURVEY OF 1980 GRADUATING FAMILY PRACTICE RESIDENTS

The total number of graduates surveyed was 1913. Of this number, 1707 (89.2%) responded. Of these respondees, 1602 indicated type of practice arrangement and 1337 specified the size of the community which they plan to serve. A summary of the results as of July, 1980, follows.

Caution must be exercised in comparing 1980 data with data from previous years because of changes made to data analysis. The data from previous years is being re-analysed to conform with these 1980 statistics.

PRACTICE ARRANGEMENTS OF 1980 GRADUATING RESIDENTS

Type of Practice Arrangement	Number of Reporting Grads	Percentage of Total Reporting Grads
Family Practice Group	358	22.3%
Multi-Specialty Group	136	8.5%
Two-Person Family Practice Group (partnership)	283	17.7%
Solo	211	13.2%
Practice (arrangement not specified)	116	7.2%
Military	115	7.2%
Teaching	54	3.4%
USPHS	129	8.1%
Emergency Room	67	4.2%
Hospital Staff	28	1.7%
Research	1	.1%
Administrative	5	.3%
Further Training	33	2.0%
Fellowship	32	2.0%
None of the above	34	2.1%
	1,602	100.0%

DISTRIBUTION OF 1980 GRADUATING RESIDENTS BY COMMUNITY SIZE

Character and Population of Community	Number of Reporting Grads	Percentage of Total Reporting Grads	Cumulative Percentage of Total Reporting Grads
Rural area or town (less than 2500) not within 25 miles of large city	106	8.0%	8.0%
Rural area or town (less than 2500) within 25 miles of large city	37	2.8%	10.8%
Small town (2500-25,000) not within 25 miles of large city	310	23.2%	34.0%
Small town (2500-25,000) within 25 miles of large city	200	15.0%	49.0%
Small City (25,000-100,000)	238	17.8%	66.8%
Suburb of small metropolitan area	50	3.7%	70.5%
Small metropolitan area (100,000-500,000)	134	10.0%	80.5%
Suburb of large metropolitan area	134	10.0%	90.5%
Large metropolitan area (500,000 or more)	78	5.8%	96.3%
Inner city/low income area (500,000 or more)	50	3.7%	100.0%
	1,337	100.0%	

American Academy of Family Physicians

REPORT ON SURVEY OF 1979 GRADUATING FAMILY PRACTICE RESIDENTS

The total number of graduates surveyed was 1724. Of this number, 1577 (91.5%) responded. Of these respondees, 1571 indicated type of practice arrangement and 1302 specified the size of the community which they plan to serve. A summary of the results follows.

Caution must be exercised in comparing 1977, 1978 and 1979 demographic data with demographic data from previous years because modifications were made in 1977 in the criteria describing character and population of communities to which graduating residents were moving to practice. However, 1977-1979 data may be directly compared with confidence.

PRACTICE ARRANGEMENTS OF 1979 GRADUATING RESIDENTS

Type of Practice Arrangement	Number of Reporting Grads	Percentage of total Reporting Grads
Family Practice Group	412	26.2%
Multi-Specialty Group	114	7.3%
Two-Person Family Practice Group (partnership)	257	16.3%
Solo	194	12.3%
Practice (arrangement not specified)	111	7.1%
Military	150	9.5%
Teaching	82	5.2%
USPHS	100	6.4%
Emergency Room	62	3.9%
Hospital Staff	26	1.7%
Research	1	.1%
Administrative	4	.3%
Further Training	44	2.8%
None of the above	14	.9%
	1,571	100.0%

DISTRIBUTION ON 1979 GRADUATING RESIDENTS BY COMMUNITY SIZE

Character and Population of Community	Number of Reporting Grads	Percentage of Total Reporting Grads	Cumulative Percentage of Total Reporting Grads
Rural area of town (less than 2500) not within 25 miles of large city	79	6.1%	6.1%
Rural area or town (less than 2500) within 25 miles of large city	38	2.9%	9.0%
Small town (2500-25,000) not within 25 miles of large city	320	24.5%	33.5%
Small town (2500-25,000) within 25 miles of large city	212	16.3%	49.8%
Small City (25,000-100,000)	207	15.9%	65.7%
Suburb of small metropolitan area	48	3.7%	69.4%
Small metropolitan area (100,000-500,000)	133	10.2%	79.6%
Suburb of large metropolitan area	121	9.3%	88.9%
Large metropolitan area (500,000 or more)	96	7.4%	96.3%
Inner city/low income area (500,000 or more)	48	3.7%	100.0%
	1,302	100.0%	

American Academy of Family Physicians

REPORT ON SURVEY OF
1978 GRADUATING FAMILY PRACTICE RESIDENTS

The total number of graduates surveyed was 1548. Of this number, 1340 (86.6%) responded. Of these respondees, 1340 indicated type of practice arrangement and 1105 specified the size of the community which they plan to serve. A summary of the results follows.

Caution must be exercised in comparing 1977 and 1978 demographic data with demographic data from previous years because modifications were made in 1977 in the criteria describing character and population of communities to which graduating resident were moving to practice. However, 1977 and 1978 data may be directly compared with confidence.

PRACTICE ARRANGEMENTS OF 1978 GRADUATING RESIDENTS

Type of Practice Arrangement	Number of Reporting Grads	Percentage of Total Reporting Grads
Family Practice Group	340	25.4%
Multi-Specialty Group	99	7.4%
Two-Person Family Practice Group (partnership)	241	18.0%
Solo	170	12.7%
Practice (arrangement not specified)	81	6.0%
Military	130	9.7%
Teaching	71	5.3%
USPHS	59	4.4%
Emergency Room	48	3.6%
Hospital Staff	24	1.8%
Research	2	.1%
Administrative	4	.3%
Further Training	29	2.2%
None of the above	42	3.1%
	1,340	100.0%

DISTRIBUTION OF 1978 GRADUATING RESIDENTS BY COMMUNITY SIZE

Character and Population of Community	Number of Reporting Grads	Percentage of Total Reporting Grads	Cumulative Percentage of Total Reporting Grads
Rural area or town (less than 2500) not within 25 miles of large city	91	8.2%	8.2%
Rural area or town (less than 2500) within 25 miles of large city	31	2.8%	11.0%
Small town (2500-25,000) not within 25 miles of large city	260	23.5%	34.5%
Small town (2500-25,000) within 25 miles of large city	176	15.9%	50.4%
Small city (25,000-100,000)	189	17.1%	67.5%
Suburb of small metropolitan area	43	3.9%	71.4%
Small metropolitan area (100,000-500,000)	101	9.2%	80.6%
Suburb of large metropolitan area	103	9.3%	89.9%
Large metropolitan area (500,000 or more)	79	7.2%	97.1%
Inner city/low income area (500,000 or more)	32	2.9%	100.0%
	1,105	100.0%	

American Academy of Family Physicians

REPORT ON SURVEY OF 1977 GRADUATING FAMILY PRACTICE RESIDENTS

The total number of graduates surveyed was 1190. Of this number, 975 (81.9%) responded. Of these respondees, 975 indicated type of practice arrangement and 836 specified the size of the community which they plan to serve. A summary of the results follows.

Caution must be exercised in comparing 1977 demographic data with demographic data from previous years because modifications were made in 1977 in the criteria describing character and population of communities to which graduating residents were moving to practice.

PRACTICE ARRANGEMENTS OF 1977 GRADUATING RESIDENTS

Type of Practice Arrangement	Number of Reporting Grads	Percentage of Total Reporting Grads
Family Practice Group	302	31.0%
Multi-Specialty Group	80	8.2%
Two-Person Family Practice Group (partnership)	165	16.9%
Solo	137	14.1%
Practice (arrangement not specified)	53	5.4%
Military	64	6.6%
Teaching	41	4.2%
USPHS	34	3.5%
Emergency Room	36	3.7%
Hospital Staff	13	1.3%
Research	4	.4%
Administrative	2	.2%
Further Training	30	3.1%
None of the above	14	1.4%
	975	100.0%

DISTRIBUTION OF 1977 GRADUATING RESIDENTS BY COMMUNITY SIZE

Character and Population of Community	Number of Report Grads	Percentage of Total Reporting Grads	Cummulative Percentage of Total Reporting Grads
Rural area or town (less than 2500) not within 25 miles of large city	53	6.3%	6.3%
Rural area or town (less than 2500) within 25 miles of large city	23	2.8%	9.1%
Small town (2500-25,000) not within 25 miles of large city	221	26.4%	35.5%
Small town (2500-25,000) within 25 miles of large city	136	16.3%	51.8%
Small city (25,000-100,000)	149	17.8%	69.6%
Suburb of small metropolitan area	15	1.8%	71.4%
Small metropolitan area (100,000-500,000)	87	10.4%	81.8%
Suburb of large metropolitan area	73	8.7%	90.5%
Large metropolitan area (500,000 or more)	53	6.4%	96.9%
Inner city/low income area (500,000 or more)	26	3.1%	100.0%
	836	100.0%	

American Academy of Family Physicians

PRELIMINARY REPORT ON SURVEY OF 1976 GRADUATING FAMILY PRACTICE RESIDENTS

The total number of graduates surveyed was 821. Of this number, 744 (90.6%) responded. Of these respondees, 654 indicated type of practice arrangement and 596 specified the size of the community where practice would be located. Following is a summary of the results as of August 1976.

PRACTICE ARRANGEMENTS OF 1976 GRADUATING RESIDENTS

Type of Practice Arrangement	*Number of Grads*	*Percentage of Total Grads*
Family Practice Group	241	36.9%
Multi-Specialty Group	98	15.0%
Partnership	94	14.4%
Solo	89	13.6%
Military	44	6.7%
Teaching	23	3.5%
National Health Service Corps.	22	3.4%
Other USPHS	15	2.3%
Emergency Room	14	2.1%
Hospital Staff (F-T)	10	1.5%
Student Health and Missions	4	0.6%
	654	100.0%

DISTRIBUTION OF 1976 GRADUATING RESIDENTS BY COMMUNITY SIZE

Population of Community	*Number of Grads*	*Percentage of Total Grads*	*Cumulative Percentage of Total Grads*
Less than 2,000	31	5.2	5.2
2,000 to 5,000	66	11.1	16.3
5,000 to 15,000	128	21.5	37.8
15,000 to 30,000	102	17.1	54.9
30,000 to 100,000	146	24.5	79.4
100,000 to 500,000	52	8.7	88.1
More than 500,000	71	11.9	100.0
	596	100.0	

SURVEY OF 1975 GRADUATING FAMILY PRACTICE RESIDENTS

Total Graduates Surveyed - 562
Total Responses - 507 (90%)

Summary of Distribution of Graduating Residents (1975) By Community Size

POPULATION OF COMMUNITY		*NUMBER OF GRADUATED RESIDENTS*	*PERCENTAGE OF GRADS ENTERING PRACTICE*	*PERCENTAGE OF TOTAL GRADS*
Smaller than 5,000		72	17.4%	14.2%
5,000 to 15,000		106	25.5%	20.9%
15,000 to 30,000		61	14.7%	12.0%
30,000 to 100,000		59	14.2%	11.6%
100,000 to 500,000		72	17.4%	14.2%
Over 500,000		45	10.8%	8.9%
Other:		92	100.0%	
Another Residency	2			
Undecided	7			
Foreign	12			
Military (with orders)	67			
Military (no orders)	4			18.2%
TOTALS		507		100.0%

SUMMARY OF DISTRIBUTION OF GRADUATING RESIDENTS (1975) PRACTICE PROFILE

PRACTICE TYPE		*NUMBER OF GRADUATED RESIDENTS*	*PERCENTAGE OF GRADS ENTERING PRACTICE*	*PERCENTAGE OF TOTAL GRADS*
Solo		73	15.6%	14.4%
Family Practice Group		247	52.8%	48.7%
Multi-Specialty Group		47	10.0%	9.2%
Teaching		30	6.4%	5.9%
Military		71	15.2%	14.0%
Other:		39	100.0%	
Entering Another Residency	2			
Indian Health	2			
Emergency Medicine	7			
NHSC	3			
Not Applicable	25			7.8%
TOTALS		507		100.0%

STATEMENT OF MALCOLM MC INTYRE, PRESIDENT, BOARD OF DIRECTORS, AMERICAN HEALTH PLANNING ASSOCIATION

Senator WEICKER. Malcolm McIntyre, president, board of directors, American Health Planning Association.

Mr. MCINTYRE. Thank you, Mr. Chairman. Good morning. As well as having the testimony in its entirety submitted for the record, I would ask your kindness in having this article in the National Journal included in the record. That sets forth the problem very nicely.

[The information follows:]

[National Journal, Apr. 23, 1983/No. 17]

Hospitals' Building and Buying Binge Tied to Cuts in Federal Planning Aid

The Administration does not believe Washington ought to be concerned with hospital expansion. The result, say health planners, is unrestrained construction.

BY LINDA E. DEMKOVICH

There is no hospital in Irvine, Calif., but there are 11 in the area immediately surrounding the city limits, a 10-minute ambulance ride away at the most. That helps explain why the local health planning council will be closely scrutinizing proposals to build a hospital in Irvine itself.

The battle to build is shaping up as "the hospital battle of the decade," said Stanley J. Matek, executive director of the Orange County Health Planning Council. So far, the council has received applications from three builders and notices of intent to apply from two others.

In Orange County, Matek said, there is "an environment of contention and competition, with very little health planning going on. God knows what would happen," he said, if the local planning council were not in business to pass on specific projects.

God knows, say health planners around the country. And they blame the Reagan Administration's withdrawal of financial and philosophical support for health planning for contributing to a binge of building and buying in an already bloated, overbedded hospital industry.

To the planning community, the boom spells trouble. If left to their own devices, they say, hospitals will continue adding beds and services, even in areas where there are too many already, and drive costs even higher. Planning, they say, is one of the few tools available to check the industry's unrestrained expansion.

According to a report released on April 1 by the health planning office in the Health and Human Services Department (HHS), the value of proposed capital projects submitted to state planning agencies nearly doubled, from $7.3 billion in 1979 to $14.1 billion in 1981.

Of the total of $31.1 billion in applications reviewed over the three-year period, 86 per cent—or $26.7 billion worth of construction and equipment purchases—were approved. Of that amount, hospitals accounted for $21.6 billion and nursing homes for $3.8 billion.

Conversely, $4.4 billion in capital projects were vetoed. Using a rule of thumb that a dollar of capital spending generates 30 cents of annual operating costs, the HHS report says those vetoes saved about $18 billion over a 10-year period. In addition, planning advocates say, the process may have discouraged some institutions from submitting plans they believed would not win approval.

Although later numbers are not available nationally, planning officials say scattered reports from the states indicate that the trend in increased building continued through 1982 and has shown no signs of slowing so far this year.

California's Statewide Health Planning and Development Office, for example, reports that applications for capital projects totaled $1.35 billion last year, compared with $696 million in 1981 and $366 million in 1980. The state approved $175 million in 1980, $378 million in 1981 and $655 million in 1982. In addition, the office says there was a comparable increase in "notices of intent" to apply, from $597 million in 1980 to $1.3 billion in 1981 and to $2.9 billion in 1982.

The situation is even more explosive in Orange County, where Matek's council received eight notices of intent, valued at $11.3 million, in 1980 and 31 notices, valued at $350.7 million, in 1982.

New York State's Office of Health Systems Management estimates that requests for capital projects for 1983 and 1984 will exceed $5 billion, contrasted to statewide capital expenditures of $250 million in 1979, $385 million in 1980, $815 million in 1981 and approximately $1 billion in 1982. New York is one of five states that recently imposed a moratorium on capital spending, giving officials time to redesign their planning program. Robert M. Crane, the office's director, described the moratorium as "a means to an end" that will enable the state "to move forward with projects that are of critical need."

One factor that has figured in the national explosion of capital projects, officials say, is that many of the facilities built in the late 1940s and 1950s have worn out and need to be renovated or rebuilt. Other factors have been high inflation and, more particularly, high interest rates.

But just as important, they say, is the signal from the Administration and Congress that checks on construction are no longer the federal government's concern.

For two years, the Administration has been trying to repeal the 1974 health planning law, which created a network of state and local planning agencies to review hospitals' plans for expanding plants and purchasing equipment. The planning agencies were supposed to prevent duplication of facilities and allocate resources as equitably as possible—and, in the process, to hold down health costs.

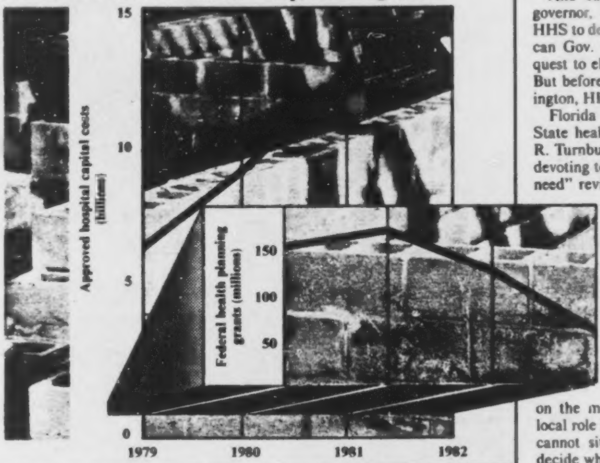
Hospitals that planned construction, expansion or major equipment purchases had to apply to local planning agencies, which could recommend state agency vetoes. Hospitals could appeal vetoes first to a state administrative agency, then to the state courts. In addition to this regulatory role, the state and local agencies were supposed to help determine what kinds of health care facilities their areas would need.

The Administration, committed to a "free-market" approach to health cost containment, viewed the planning program as little more than a regulatory barrier to the forces of competition. HHS promptly downgraded its health planning bureau to an office in a new bureau of health maintenance organizations and resources development and has gradually reduced the number of federal employees in the Washington and regional offices to 140, from a high of 272.

Although Congress refused to go along with the Administration's plans to terminate the program beginning in fiscal 1983, it slashed its budget from $167 million in fiscal 1980 to $64.8 million in the current year. In its fiscal 1984 budget, the Administration is again asking for no funds for the planning program. *(See chart below.)*

Unsure how long they would have federal support, many local planning agencies began casting about for new sources of funds, and others simply closed down.

Cause and Effect? Construction Up, Planning Down



State agencies are still in business, but because of the states' generally bleak fiscal situation, many are barely able to handle the surge of applications for capital expansion, let alone manage their broader planning duties.

Robert Graham, head of HHS's Health Resources and Services Administration, which oversees the planning office, cautioned against attributing the surge in capital expansion requests to the decline in federal support for health planning. "A component, yes," he said, adding that he remains "skeptical that it is the determining factor."

But to the program's advocates, the Administration's policies are critical. Shirley H. Wester, executive director of the American Health Planning Association, assailed what she called the Administration's "convoluted logic" in slashing health planning at the same time that it says it seeks to control health care costs.

LOCAL UNCERTAINTY

Local planning agencies—the so-called health systems agencies—have borne the brunt of the attack on the health planning law. In fiscal 1980, Congress authorized $124.7 million for the local planning units, but it cut them to $83.7 million in 1981 and $37.7 million in each of 1982 and 1983.

Moreover, in 1981, Congress reduced the federal administrative requirements under which the state agencies had been forced to operate. In particular, it gave the states the authority to eliminate their local planning agencies if they could certify to HHS their own capability to carry out the local agencies' functions. The states have consistently opposed the local planning structure as dictated by federal law and have argued for the flexibility to design programs that meet their individual needs.

Since 1981, the number of local agencies has shrunk from 204 to 131. Some closed on their own, but 50 of them were in states that abolished local agencies. Five states—Alabama, Missouri, Ohio, Nebraska and Louisiana—eliminated local planning in 1981, and six—Maine, Kentucky, Indiana, Florida, South Dakota and Texas—followed suit last year.

Last December, Alabama Gov.-elect George C. Wallace, who established the agencies in his earlier term, petitioned HHS to undo his predecessor's decision to abolish them. Contrary to the state's expectation that it could perform the six local agencies' functions, Wallace wrote, "this has not materialized." The agencies, he said, had been "extremely valuable in involving local people in health matters at the local level." Since then, however, Wallace has fallen ill, and the state has not taken the steps necessary to have the agencies redesignated.

In Ohio, another newly elected Democrat, Gov. Richard F. Celeste, is also considering reinstating 10 local planning agencies wiped out by former Republican Gov. James A. Rhodes. Under Rhodes's administration, Ohio officials say, the state rubber-stamped virtually all of the hospitals' plans to renovate and expand. *(See box, p. 835.)*

And earlier this year, a third such governor, Mark White of Texas, asked HHS to delay approving former Republican Gov. William P. Clements Jr.'s request to eliminate the 11 local agencies. But before White's letter reached Washington, HHS approved the action.

Florida is trying another approach. State health planning director Marjorie R. Turnbull said the local agencies were devoting too much time to "certificate of need" review—the process under which health care facilities receive permission to build or make major equipment purchases—and were neglecting their broader planning duties.

Accordingly, only the state will now review certificates of need. To take the place of the nine old local agencies, Florida has created 11 local planning councils, which it hopes will focus on the more fundamental questions. A local role is essential, Turnbull said. "We cannot sit up here in Tallahassee and decide what the communities need."

Meanwhile, the state is moving to get a handle on building applications, which have increased from 139 in 1980 to 272 in 1981 and 278 last year. "I don't know how much of that was caused by what was happening [to the planning program's budget] in Washington," Turnbull said. But given Florida's budget difficulties, it would be hard pressed to continue its review program without federal dollars, she said. For the planning cycle beginning in June, the state has declared a moratorium on applications.

Elsewhere, the outlook for local planning is mixed. In the West, for example, only one of Colorado's three agencies is still in business. But in states such as Washington and Utah, the commitment to local agencies still appears strong.

Robert Myers, executive vice president of the Institute for Health Planning in Madison, Wis., one of three remaining technical assistance centers authorized by the 1974 planning law, said that last year, when the Administration's proposal to abolish health planning was still alive, there was talk that local agencies would "die on the vine." Since Congress extended funds through September, he said, the states' attitude has become much more positive.

That confirms what other program officials say: that as long as federal support is forthcoming, a majority of states will continue to carve out a role for local planners, but that if the federal tap is shut off, the agencies may have to fend for themselves.

David Helms, director of the Alpha Center, which serves states in the Northeast, says that if local planning is going to survive without federal support, it most likely will be in that region, which has a "tradition of strong community support" for planning dating back several decades. But it will require a commitment by the states, he added.

New York State's legislature, for example, recently approved legislation guaranteeing the local agencies 30 cents per person from a pool of fees collected from all health facilities in the state. As long as there is federal money, only 12 cents would actually come from the state, but if federal funds are shut off, the state would be committed to making up the difference.

The Maryland and Massachusetts legislatures have also taken strong stands in favor of local planning. Like New York, both have statewide hospital rate review plans in effect.

From the communities' standpoint, Helms said, the real tragedy caused by the confusion and uncertainty in Congress has been losing the expertise and dedication of a cadre of health planning professionals and the policy analysis and technical skills "they were just beginning to build."

THE STATE LEVEL

The states' share of federal planning funds has also dwindled, although not as dramatically as the local portion. In fiscal 1981, when Congress lopped more than $41 million from the budget for local agencies, the states' authorization held even at the previous year's level of $32 million. Congress cut the states to $19.2 million in 1982 and 1983.

To receive federal funds, states must have a certificate of need plan in effect. Except for Louisiana, which never enacted such a plan, all still do, although the enabling laws expire this year and next in several states, and the legislatures will have to decide whether to reauthorize them.

It appears, for example, that the legislatures in Idaho and New Mexico will adjourn without extending their certificate of need laws. In Arizona, the legislature has repealed its law effective in 1984, and in several other states, including Alaska and Colorado, the hospital industry is pressuring for repeal.

Most states, planning officials say, seem convinced that certificate of need review is a valuable planning tool, and many are trying to figure out ways to strengthen the laws. During the 1980s, hospitals' need for capital will range from $80 billion to $190 billion, according to various investment analysts' predictions. If there is no one to sort out the proposals for capital projects, the planners say, better-heeled hospitals that pose less of a financial risk will win out over older facilities in poorer areas whose needs may be at least as urgent.

Shirley H. Wester of the American Health Planning Association assails the Reagan Administration's "convoluted logic" in slashing health planning at the same time that it seeks to control health care costs.

Instead of reviewing projects on the basis of absolute need and financial feasibility, New York is considering defining standards of "relative need" and "affordability." The questions planners should be asking, a special capital advisory committee said in a report issued last December, is, "Can the system afford the cost and, on a relative and comparative basis, is the expenditure in the best interests of the system?" Otherwise, the committee said, planning will remain a "reactive" process and "fail to respond to present realities"—the projected $5 billion worth of capital projects by 1984.

Massachusetts, which instituted a rate review program late last fall, is also considering adding an affordability standard to its certificate of need process by in effect setting a statewide cap on capital costs. According to the Alpha Center, the state approved $217 million in capital expenditures in 1981, an increase of 26 per cent over the previous year, and at the end of 1982 was looking at applications totaling $750 million.

A key question is what the states would do with their certificate of need programs if federal law no longer mandated them. In its report, the HHS planning office said that "30 or so" states would continue their programs and "about 10" would not. In the remaining states, it said, the decision would depend mainly on the budget situation.

If anything, said Myers of the Institute for Health Planning, states "are looking for ways to strengthen their regulatory tools," including redesigning and beefing up certificate of need laws and implementing rate review programs, which thus far have been largely confined to the larger urban states in the Northeast. West Virginia, for example, recently established a rate review commission, and Maine extended the jurisdiction of its commission from nursing homes to hospitals. And the legislatures in Mississippi and Wisconsin are considering hospital rate review programs.

A factor that could influence states to continue reviewing capital projects is the new medicare payment plan that Congress approved on March 25. Under the so-called prospective payment plan, which is scheduled to begin on Oct. 1, medicare will continue paying hospitals for a portion of their capital costs through Oct. 1, 1986, while HHS tries to figure out how to incorporate capital into the new payment system. If HHS fails to act, states will be required to have their own laws on the books for reviewing capital expenditures. *(See NJ, 4/2/83, p. 704.)*

The planning community worries that hospitals will expedite their proposed capital projects for fear that they will no longer receive as generous medicare reimbursement for capital projects began

Local Health Planning in Ohio: Rising from Its Grave

In Ohio, local health planning is dead—on paper, that is. In spite of the best efforts of the state and federal governments to do them in, local planners are still in business—with or without official sanction.

Their troubles began in the fall of 1981, when Republican Gov. James A. Rhodes set the wheels in motion to disband the state's 10 local "health systems agencies" authorized by the 1974 federal health planning act. Rhodes, who local officials say looked particularly favorably on hospital construction, used the authority that Congress had granted the states earlier in the year to certify Ohio's willingness and ability to take over the functions of the local planning bodies. By early 1982, the agencies had been officially shut down.

In the process, they say, the state became a rubber stamp for the hospitals' plans. According to state data, the value of approved capital projects climbed from $490.8 million in 1980 to $748.9 million in 1981 to an estimated $914 million in 1982. "With only a few exceptions, everything proposed since the end of 1981 has been approved," said Eugene Piatek, president of the Ohio Association for Areawide Health Planning and the Health Systems Association Inc., the local planning agency in the Lima area.

Rhodes was succeeded last November by Democrat Richard F. Celeste, who, according to aides, is deeply concerned about the proliferation of hospital construction throughout the state. Assistant budget director William Shkutie said Celeste is considering imposing a moratorium on construction until the state can review some of the projects and assess the impact of the recent spate of building. In addition, Shkutie said, Celeste is giving thought to reinstating the local planning agencies.

Local officials say they would be delighted if Celeste would try to restore their powers, which included reviewing hospitals' applications to build and making recommendations to the state planning agency—something most have been unable to do since their federal funds and legal standing were taken away. For now, however, they intend to concentrate on finding other sources of money and to continue to be as active as limited budgets and staff allow.

The job has not been easy. Not all of the original 10 agencies have survived, and those that have are functioning at different levels. The Lima agency that Piatek heads, operating with half its former staff and hold-over federal funds as well as money contributed by the county government and local businesses, has continued to review applications and send the state its recommendations, even though, Piatek readily concedes, "we don't have the power as such."

In the Cincinnati area, the health planning agency has been replaced by a voluntary planning body. The new agency, which has only enough money for three and a half full-time staffers—the old one employed 30—no longer reviews bids to build. But according to Brian Barger, a former official who now serves as a consultant, it is assisting county governments and putting out a newsletter to keep the cost issue in front of the community.

Similarly, in the Cleveland area, the old agency was replaced by a voluntary planning body, the Greater Cleveland Voluntary Health Planning Association, which is getting about 75 per cent of its funds from local business groups. Stephen Sears, the association's executive director, said that at the end of Rhodes's term, the state overrode the original agency's recommendation against building a 160-bed hospital in the metropolitan area even though a study showed that "no one is more than 11 minutes away from a hospital—in rush hour." That decision is being reviewed and Sears hopes it will be reversed. "We don't need any more beds," he said.

The business community in Ohio has been the planning agencies' best source of help. Richard J. Hanley, director of health care policy and programs for Owens-Illinois Inc. in Toledo, said that when the planning agency there folded, a business coalition decided planning was "absolutely needed" and established Northwest Ohio Health Planning Inc. to review specific building proposals. Businesses were concerned, Hanley said, that if hospitals were left to themselves, "they would just continue to add more beds and services." "We felt we needed a checkpoint," he said.

In the past six months, he said, the group has reviewed six projects and turned thumbs down on one. That proposal, to add 97 beds to an existing Toledo hospital, was approved by the state at the end of Rhodes's term, "while the new planning body was still getting organized," Hanley said. It was recently overturned by the new administration; the hospital has sued the state. Hanley hopes the decision will stand. "We have too many beds in the area already," he said.

To Frank Armstrong, manager of health services relations for the Goodyear Tire & Rubber Co., the biggest loss has been the absence of local views and the "objective data" that the agencies generated.

Robert Thimmes, who volunteers as a legal agent for the planning agency in Dayton, agrees. Without a formal role for local planning, he said, "there is no forum for John Q. Public to voice concerns." The only option, he said, "is to go to Columbus," where the legislature is "not attuned to deal with a community's problems."

after that date. In testimony to the Senate Finance Subcommittee on Health on Feb. 17, Cooper L. Parker, president-elect of the American Health Planning Association, said the Administration's original proposal to exempt capital costs from the new prospective payment formula "would stimulate unnecessary capital expenditures and defeat the cost containment objective" of the payment plan.

"We've learned in health planning that capital expenditure review programs and prospective payment systems are most effective when linked together to form a combined strategy for addressing both operating and capital costs," Parker said. As long as capital costs are exempt," he said, "there is the potential for the 'pass-through' to become a flood."

Bruce C. Vladeck, a fellow at the Robert Wood Johnson Foundation and a former planning official in New Jersey, which has a payment plan similar to the one just enacted under medicare, agrees that planning is an important element in prospective payment. Once a formula is in place to limit capital spending, he said, "the most efficient and effective institutions in the most prosperous markets will have the best access to capital." Unless there is a planning mechanism in place as well for allocating resources, he said, there is a "real risk" that the money will flow mostly to the more affluent areas.

It is possible, Vladeck added, that there will be "sufficient anxiety" on the industry's part about the new payment system "to slow things down" and avert a building boom. But "all other things being equal," he said, "without planning controls and with the capital pass-through, the new medicare system has got to encourage more capital activity." That makes it "essential," he said, that Congress move as quickly as possible to get capital under control.

John M. Heyob, who serves as acting associate director of the federal government's health planning office, says his office's role is to "assure that the money we do have is spent to the best advantage."

THE FEDERAL ROLE

For it remains unclear how long the federal government will continue financing the health planning program. So far, Congress has been unwilling to do away with federal support for the program because the Administration's free-market alternative has yet to produce concrete savings.

Last September, the House approved a compromise bill to replace the program's current financing structure with a $64 million block grant administered at their option by the states. The compromise was engineered by Henry A. Waxman, D-Calif., chairman of the House Energy and Commerce Subcommittee on Health and the Environment, and the subcommittee's ranking Republican, Edward R. Madigan of Illinois, both of whom support the program, and by Richard C. Shelby, D-Ala., an opponent, and had the support of the insurance industry, the Washington Business Group on Health, the Catholic Health Association and the National Governors' Association, which had gone on record in favor of repealing the planning law as it is currently written.

The bill, which passed by an overwhelming 302-14, was interpreted as a signal to the Administration and the Senate that planning still had a strong, credible grass-roots constituency that ought not go unnoticed.

The Senate, where opposition to the program was considerably stronger, failed meanwhile to clear a one-year, $20 million reauthorization measure.

In mid-December, Waxman, Madigan and Shelby from the House and Orrin G. Hatch, R-Utah, and Edward M. Kennedy, D-Mass., chairman and ranking minority member of the Senate Labor and Human Resources Committee, worked out yet another compromise that would have extended the program for only another 18 months—at a $64.9 million spending level in the first year—while instituting changes intended to make the bill more palatable to the states. Those changes included the repeal of sanctions against states that are not in full compliance with the federal requirements and relaxation of many of the technical requirements spelled out in the 1974 act. In addition, they increased the minimum size of applications that states would be required to review and continued local planning only at the request of state planning agencies.

But the Administration refused to support the compromise. The House passed it unanimously, but in the Senate, John P. East, R-N.C., used delaying tactics to kill it. Instead, $64.8 million for the program was included in the stop-gap spending resolution that President Reagan signed into law at year's end.

The question this year is whether the committees will try to resurrect the eleventh-hour compromise or whether proponents such as Waxman will press for a more generous planning bill. Presumably, the program's supporters believe, the Congress elected last fall will be more sympathetic to the planning system.

Waxman's subcommittee has scheduled hearings on the health planning act for April 26 and 27. Senate committee aides, however, were noncommittal about their plans.

Meanwhile, the federal planning office still lives. John M. Heyob, acting associate director of health planning, says his office's role during what he termed "this holding period" is to "assure that the money we do have is spent to the best advantage."

Asked whether the April 1 report, which shows a rapid escalation in the number of capital project applications, is a good argument for a continued federal role, Heyob said: "Those are the facts. One of our roles is to put information out that policy makers can use. But it is up to others to make the determinations on how to proceed."

A high-ranking federal official who asked not to be identified said, however, that the federal role in health planning is likely to survive as long as health costs continue rising unchecked.

If the Administration had succeeded in 1981 in phasing the program out, he said, "it would be over and done with." But "we're not going to repeal health planning now, although we will probably change it," he said. Even the Office of Management and Budget, he added, which has been one of the program's more vocal opponents, "recognizes it is not going to kill health planning." □

Mr. McINTYRE. I am here today representing the State and local health care community, Mr. Chairman. This community is committed to assuring access for all Americans to quality care at a reasonable cost.

We really appreciate the opportunity you have given us to provide our views, and we wish to express our thanks to you and the committee for the strong support you have given us in the past.

In addition to considering our request for continuing appropriations, we ask you to continue to urge your colleagues in the Senate to reauthorize an effective health planning program. The last time we testified before your committee, those who opposed planning argued that planning and capital expenditure review were not needed because competition was the solution. We were concerned that a weakened and underfunded planning program would stimulate unnecessary capital expenditures.

Apparently, we were right. A recent DHHS status report on "State Certificate of Need Programs" shows between 1979 and 1981 capital expenditures escalated from $7 to $14 billion, and the number of projects has increased dramatically, from 5,998 in 1979 to 7,330 in 1981. At the same time, the appropriation for planning decreased from $124 to $64.8 million.

So planning agencies are being inundated with new applications. For example, the State of California now has on file $2.9 billion in notices of intent to request certificates of need. New York State has a moratorium on $3 billion of pending projects. The need for health planning and capital expenditure review is not only still with us, it will be even stronger in the next few years, when the industry is in turmoil and the squeeze on all resources becomes much more intense.

Today, despite clear evidence of a recent surge in capital expenditure requests, those opposed to planning argue that planning is not needed because prospective payment in and of itself will provide sufficient incentives to restrain capital expenditures. Others argue building capital costs into a prospective rate is all that is needed to restrain capital costs.

We disagree with that, because the current passthrough of capital costs enacted with prospective payment legislation is an open invitation to invest now and build up a base of reimbursible debt before limits are placed on capital costs.

Federal health policy sometimes seems to lag behind other policy, the experience of the States, for example, even though the Federal Government is paying 40 percent of the bill. The States led the way in enacting certificate of need programs. The point is those States did not reject or disband health planning and certificate of need when they enacted prospective payment. In fact, they strengthened the linkages between the two programs. I am confident that any of those two States would tell you they learned a prospective payment system must work hand in hand with well funded and efficient planning and capital review systems if prospective payment is to reach its potential as a cost-saving mechanism.

The health planning program is really in a strange environment. While the volume of work is increasing and the need to restrain costs becomes more apparent, a major mechanism for attacking the program, health planning, is being proposed for elimination.

During the past 2 years, as you know, the health planning program has received an annual appropriation of $68 million. We are asking that we go for $102 million for fiscal year 1984.

Thank you, Mr. Chairman.

Senator WEICKER. Who is building most of these hospitals here in the article? Are these private hospitals?

Mr. MCINTYRE. Yes.

Senator WEICKER. Well, I will tell you, I am getting a little discouraged. I have just seen too many news programs to think that it's a happenstance or sensationalism, where an awful lot of people aren't being served by hospitals. It seems whatever public hospitals are left are catching everything that nobody can make a profit out of, and I think it's a heck of a way to come at a health care system, I will tell you that.

Mr. MCINTYRE. Right.

Senator WEICKER. These moneys, what is the administration asking for? Zero for health planning?

Mr. MCINTYRE. Yes, sir. The continuing resolution went in at $68 million.

Senator WEICKER. I'll tell you. No. 1, as you know, and I am sure you have worked with John Doyle, I believe, in some element of planning around here. I am not going to tell people what to do, but that's an intolerable situation.

So many of our citizens literally are treated on a catch-as-catch-can basis. Obviously, it is this type of funding which would give us a view on what the problem is and how to plan for it. I find it absolutely intolerable for a Nation as advanced as ours to treat those that are somewhat deficient in their funds in the way we do, when it comes to hospital care—which is not to condemn all public hospitals.

I think it's very interesting to know, because most of the programs provide the young interns and young residents who are the ones who work in those hospitals. I tell you, they are just as fed up to the teeth on this situation as I am.

Mr. MCINTYRE. Right, sir.

Senator WEICKER. Thank you.

[The statement follows:]

STATEMENT OF MALCOLM MCINTYRE

My name is Malcolm McIntyre. I am President of the American Health Planning Association and Director, Employee Benefits Division of the Aetna Life and Casualty Company. I am here today representing the state and local health planning community, which is committed to assuring access for all Americans to quality care at a reasonable cost.

We appreciate the opportunity you have given us to provide our views on the need for continued funding of the health planning program and wish to express our thanks to you and the Committee for the strong support you have given us the past few years. We realize your Subcommittee has been asked to do more than its share to continue this program. We appreciate your willingness to not only appropriate funds, but also to provide the technical language needed to allow the program to function while the authorizing committees consider changes in the program.

As you know, the Administration's FY 84 budget again calls for the elimination of any Federal funding for the health planning program, despite clear Congressional action to maintain the program. We thank the Congress for its wisdom in its unwillingness to abandon all restraints on capital expenditures and urge you to continue to do so. In addition to considering our request for continuing appropriations, we ask you to continue to urge your colleagues in the Senate to reauthorize an effective health planning program.

We ask you for appropriations we believe are needed and justified. The need for strengthening and stabilizing the health planning program is greater than ever. Two recent events illustrate the growing need for planning as an integral part of Federal, state and local efforts to restrain rising health care costs in a rational manner.

- First, the debate on the prospective payment bill clearly highlighted for Congress the issue that capital expenditures need to be restrained.

- Secondly, as stated by the President's Commission for the Study of Ethical Problems in Medical and Biomedical and Behavioral Research, access to health services is returning as a major issue as more and more Americans are without adequate financial or geographic access to care.

The last time we testified before your committee, those who opposed planning argued that planning and capital expenditure review were not needed because competition was the solution. We were concerned that a weakened and underfunded planning program would stimulate unnecessary capital expenditures. Apparently we were right. According to the recent DHHS "Status Report on State Certificate of Need Programs" (summary tables attached):

- Hospitals requested $14 billion in capital expenditures in 1981 while in 1979 they requested only $7 billion.
- The number of projects has increased dramatically, from 5,998 in 1979 to 7,330 in 1981.
- At the same time, the appropriation for planning decreased from $124 million to $64.8 million.
- Planning agencies are being inundated with new applications. For example, the state of California now has on file $2.9 billion in notices of intent to request certificates of need and New York has a moratorium on $3 billion of pending projects.

The need for health planning and capital expenditure review is not only still with us, it will be even stronger in the next few years when the industry is in turmoil and the squeeze on all resources becomes more intense. We remain alarmed about what has happened and will continue to happen in the absence of a strong and adequately funded planning and capital review program -- both a surge in new capital investment, in spite of today's economy, so that hospitals can remain "competitive," and, over time, a reduction in the care available to the elderly and the poor. This view is increasingly shared by state and national policy makers. It was initially proposed that planning be dismantled because a price competitive market would solve the health systems problems. Such a market is many years away. The problem is today and tomorrow won't wait.

Today, despite clear evidence of a recent surge in capital expenditure requests, those opposed to planning argue that planning is not needed because prospective payment in and of itself will provide sufficient incentives to restrain capital expenditures. Or, they argue, building capital costs into a prospective rate is all that is needed to restrain capital costs. We disagree because:

- The current "passthrough" of capital costs enacted with prospective payment legislation is an open invitation to invest now and build up a base of reimbursable debt before limits are placed on capital costs.

- It assumes that an equitable and workable formula can be developed for building capital costs into a prospective rate. We do not believe the Department has the capacity for that now, nor will it. We note that the states which have developed prospective payment systems have not been able to accomplish this despite serious efforts to do so.

- Even if a formula were developed, affordability, need, and access decisions will still be essential.

Federal health policy sometimes seems to lag behind the experience of the states, even though the Federal government is paying 40% of the bill. The states led the way in enacting certificate of need programs. Several states had prospective payment systems well before the recent Federal action. The point to be made is that those states did not reject or disband health planning and certificate of need when they enacted prospective payment. In fact, they strengthened the linkages between the two programs. I am confident any of those states would tell you they learned that a prospective payment system must work hand in hand with well funded and efficient planning and capital review systems if prospective payment is to reach its potential as a cost saving mechanism.

We support the development of new payment systems designed to inhibit rising health care costs. But we object to the notion that prospective payment systems alone, with or without capital costs built into a rate, can accomplish what needs to be done.

We believe there are legitimate needs for capital expenditures. We also believe, however, that a system which passes through new costs without checks and balances will pay for unneeded capital growth in the future. At a time in our nation when funds are scarce and in an industry that is volatile in its inflationary spiral, new capital expenditures must not be paid for unless they have been carefully reviewed by state and local communities to determine the need for and affordability of the proposed expenditures.

Thus, the health planning program is in a strange environment. Those who support it believe it is absolutely essential as a part of any approach to containing health care costs. Those who oppose it argue that it is ineffective and unnecessary. At the same time, recognition grows that capital costs cannot adequately be controlled solely through prospective payment. And it is becoming increasingly clear that access to health care is in jeopardy. The data all indicate the need for planning and certificate of need review more than ever. Yet, administration opposition remains adament. Thus, the strange environment. While the volume of work is increasing and the need to restrain costs becomes more apparent, a major mechanism for attacking the problem, health planning, is being proposed for elimination.

As you know, for the past two years the health planning program has received an annual appropriation of $68.4 million. The authorization level set for the program in FY 82 was $102 million. We will ask the authorizing committees to reauthorize the program at the $102 million level and request your committee to appropriate at that level.

We recognize and are concerned about the tremendous budget problems facing this country, but believe there must be sufficient funding for a streamlined health planning program because:

- Planning is a wise investment for the Federal government as the major payor of health care. The recent studies of certificate of need, including DHHS's status report, show that the planning program is disapproving about 15% of proposed capital expenditures. According to the DHHS data, planning agencies disapproved approximately $4.4 billion during the three year period 1979-81. The savings in increased annual operating costs alone are ten times the annual appropriation we are seeking.

- The workload is multiplying as the volume of certificate of need activity increases.

- The workload may increase more if states join the Section 1122 program highlighted in the prospective payment legislation. The current planning appropriation pays for the costs of those reviews, and the prospective payment bill just enacted eliminated the funding source (the Federal Hospital Insurance Trust Fund) of the 1122 program.

- A reauthorized and streamlined program is very likely to attract the reestablishment of local planning in some states which chose to eliminate local planning through the 1536 provision in current law.

We recognize that the health planning program needs to be streamlined. We are actively seeking the enactment of significant amendments to the planning act to make it more flexible and efficient. As you can see from the attached summary of our legislative guidelines, we would support a program which keeps a Federal focus on cost while reducing Federal procedural, process, and regulatory requirements, giving states greater flexibility and responsibility and a larger role to purchasers of health care at all levels.

Planning continues to have the strong support of a wide range of local, state and national organizations. Among the groups which support a revitalized and adequately funded health planning program are the Health Insurance Association of America, Blue Cross/Blue Shield, Washington Business Group on Health, National Governors' Association, Kaiser Foundation Health Plan, Group Health Association of America, American Association of Retired Persons, Catholic Health Association, American College of Physicians, American Public Health Association, Association of American Medical Colleges, Family Health Programs, and the Volunteer Trustees of Not-For-Profit Hospitals. They remain convinced, as we do, that a strong planning and certificate of need program must be maintained if we are to avoid an unrelenting flood of capital expenditures in the next few years.

In conclusion, we are concerned that many people have been lulled into thinking that a prospective payment system is the answer to our health cost problems. What they need to know is that such a system is only part of what needs to be done. Without a strong link to planning to allow for community and state input into major capital decisions, and an effective capital expenditure review program, prospective payment will fail to restrain costs adequately and may seriously disrupt the availability of care to Americans. Prospective payment alone will not stop the unnecessary expansion of capital and its accompanying increases in health care costs, nor will it ensure that services are developed where they are needed. As planners know, there is no quick-fix.

Thank you.

SUMMARY OF THE AHPA GOVERNMENT POLICY COMMITTEE LEGISLATIVE GUIDELINES FOR 1983

The Legislative guidelines represent recommended changes to the existing health planning statute which would streamline the program and foster closer coordination between state and local planning agencies.

The highlights of the guidelines are:

- Extensive reductions in process and Federal regulatory requirements.
- A three year reauthorization of the planning program calling for $32 million for state health planning; $65 million for local health planning; and $2.9 million for technical assistance for the first year.
- A voluntary program that attracts those states that desire an adequately funded planning program which will be effective. To join the program a state would be required to:
    1) operate a Certificate of Need program which meets certain requirements;
    2) establish and fund local planning with Federal funds provided by formula specified for local planning (except in states below 1 million population or certain sparsely populated areas);
    3) develop a state health plan and detailed review criteria and procedures through a public process with local involvement; and
    4) establish a Governor's Health Advisory Council.
- Streamlined Board composition requirements for planning agencies which allow for input from business, labor, purchasers, consumers, elected officials and providers but with less Federal prescription on details.
- Flexibility for Governors to establish rational health service areas to meet changing circumstances with "grandfathering" clauses to allow maintenance of existing areas and agencies.
- Minimum funding and staffing levels which are realistic in today's budgetary environment.

- Elimination of the category of "conditional designation" at both the state and local levels. To join the program, agencies either meet the minimum requirements or are not eligible. One year start-up grants are allowed for local areas without health planning or where planning needs to be reestablished.

- Streamlining of the Certificate of Need program by raising review thresholds; allowing greater state and local discretion concerning procedures and criteria; and limiting the number of hearings applicants are subject to, while maintaining an emphasis on cost containment. (Only one evidentiary hearing permitted).

CON Program Data: National Totals, 1979-1981*
Application Volume

Year	Number of Applications	Number Disapproved	Number Approved	Percent Approved
1981	7,330	663	6,667	90.9
1980	6,792	641	6,151	90.5
1979	5,948	605	5,343	89.8
TOTALS	20,070	1,909	18,161	90.4

CON Program Data: National Totals, 1979-1981*
Dollar Volume of Applications
($ in thousands)

Year	Dollar Volume of Applications Proposed	Dollar Volume Disapproved	Dollar Volume Approved	Percent of Dollar Volume Approved
1981	14,123,296	1,988,335	12,134,961	85.9
1980	9,726,372	1,444,012	8,282,360	85.1
1979	7,267,814	1,008,806	6,259,008	86.1
TOTALS	31,117,482	4,441,153	26,676,329	85.7

*Source: Office of Health Planning, BHMORD, DHHS, March 30, 1983
Status Report on State Certificate of Need Programs

DATA ON CON PROGRAMS*
NATIONAL TOTALS, STATE BY STATE
ALL FACILITIES
1979-1981

	DOLLAR VOLUME ($ in thousands)				APPLICATION VOLUME			
STATE NAME	$ VOLUME APPLICATIONS	$ VOLUME NOT APPROVED	$ VOLUME APPROVED	% OF $ VOLUME APPROVED	NUMBER OF APPLICATIONS	NUMBER NOT APPROVED	NUMBER APPROVED	PERCENT APPROVED
ALABAMA	279,061	47,942	231,119	82.8	233	23	210	90.1
ALASKA	56,936		56,936	100.0	25		25	100.0
ARIZONA	382,442	141,265	241,177	63.0	181	25	156	86.1
ARKANSAS	275,867	26,440	249,427	90.4	310	13	297	95.8
CALIFORNIA	1,320,800	608,100	712,700	53.9	428	118	310	72.4
COLORADO	260,500	11,100	249,400	95.7	219	17	202	92.2
CONNECTICUT	264,814	11,471	253,343	95.6	267	15	252	94.3
DELAWARE	80,359	7,524	72,835	90.6	49	3	46	93.8
DIST. OF COL.	167,993	6,284	161,709	96.2	65	3	62	95.3
FLORIDA	2,424,724	492,112	1,932,612	79.7	884	113	771	87.2
GEORGIA	989,688	282,060	707,628	71.5	643	157	486	75.5
HAWAII	94,268	44,053	50,215	53.2	121	33	88	72.7
IDAHO	178,548	52,254	126,294	70.7	64	15	49	76.5
ILLINOIS	1,258,384	263,210	995,174	79.0	552	110	442	80.0
INDIANA	1,085,630	135,661	949,969	87.5	637	97	540	84.7
IOWA	289,530	7,180	282,350	97.5	291	7	284	97.5
KANSAS	158,780	3,150	155,630	98.0	122	3	119	97.5
KENTUCKY	580,194	117,286	462,908	79.7	862	103	759	88.0
LOUISIANA	1,288,592	181,100	1,107,492	85.9	558	40	518	92.8
MAINE	188,836	28,311	160,525	85.0	168	11	157	93.4
MARYLAND	457,800	107,976	349,824	76.4	240	12	228	95.0
MASSACHUSETTS	730,900	42,500	688,400	94.1	383	32	351	91.6
MICHIGAN	1,473,135	144,271	1,328,864	90.2	647	47	600	92.7
MINNESOTA	747,004	90,337	656,667	87.9	390	22	368	94.3
MISSISSIPPI	315,345	24,616	290,729	92.1	218	21	197	90.3
MISSOURI	284,168	8,823	275,345	96.8	151	2	149	98.6
MONTANA	105,675	36,000	69,675	65.9	84	2	82	97.6
NEBRASKA	102,803	2,498	100,305	97.5	86	2	84	97.6
NEVADA	301,605	127,941	173,654	57.5	83	24	59	71.0
NEW HAMPSHIRE	158,934	19,272	139,662	87.8	76	7	69	90.7
NEW JERSEY	1,556,078	51,831	1,504,247	96.6	695	43	652	93.8
NEW MEXICO	156,197	12,013	144,184	92.3	97	6	91	93.8
NEW YORK	1,604,251	108,447	1,495,804	93.2	3,586	117	3,469	96.7
NORTH CAROLINA	720,393	106,560	613,833	85.2	527	48	479	90.8
NORTH DAKOTA	120,835		120,835	100.0	102		102	100.0
OHIO	1,618,948	65,762	1,553,186	95.9	765	33	732	95.6

	DOLLAR VOLUME ($ in thousands)				APPLICATION VOLUME			
STATE NAME	$ VOLUME APPLICATIONS	$ VOLUME NOT APPROVED	$ VOLUME APPROVED	% OF $ VOLUME APPROVED	NUMBER OF APPLICATIONS	NUMBER NOT APPROVED	NUMBER APPROVED	PERCENT APPROVED
OKLAHOMA	328,892	28,076	300,816	91.4	327	42	285	87.1
OREGON	418,997	33,741	385,256	91.9	110	16	94	85.4
PENNSYLVANIA	1,613,644	26,002	1,587,642	98.3	854	22	832	97.4
PUERTO RICO	228,148	31,257	196,891	86.2	211	60	151	71.5
RHODE ISLAND	86,938	24,085	62,853	72.2	77	12	65	84.4
SOUTH CAROLINA	437,434	37,983	399,451	91.3	268	20	248	92.5
SOUTH DAKOTA	101,035	2,952	98,083	97.0	83	12	71	85.5
TENNESSEE	883,518	144,056	739,462	83.6	515	99	416	80.7
TEXAS	2,533,631	326,880	2,206,751	87.0	905	68	837	92.4
UTAH	228,366	84,213	144,153	63.1	148	64	84	56.7
VERMONT	112,278	36,733	75,545	67.2	81	20	61	75.3
VIRGINIA	440,766	16,882	423,884	96.1	474	15	459	96.8
WASHINGTON	724,972	79,261	645,711	89.0	345	48	297	86.0
W. VIRGINIA	216,822	12,094	204,728	94.4	192	7	185	96.3
WISCONSIN	577,478	130,638	446,840	77.3	636	79	557	87.5
WYOMING	104,546	10,950	93,596	89.5	35	1	34	97.1
TOTALS	31,117,482	4,441,153	26,676,329	85.7	20,070	1,909	18,161	90.4

*Source: Office of Health Planning, BHMORD, DHHS, March 30, 1983. Status Report on State Certificate of Need Programs.

STATEMENT OF ROBERT K. DRESING, PRESIDENT, CYSTIC FIBROSIS FOUNDATION

Senator WEICKER. Robert Dresing, president of the Cystic Fibrosis Foundation.

Mr. DRESING. Good morning, Mr. Chairman. My name is Robert Dresing, I am the president of the Cystic Fibrosis Foundation. I'd like to present three facts that form the basis of our recommendation to you.

Cystic fibrosis kills more young people in this Nation than any other genetic disease and we can't do anything to stop it.

An aggresive research effort holds great promise in unlocking the secrets of CF and saving thousands of lives. A successful research program demands a strong NIH that is supporting the full range of research activities, and the President's budget does not provide funds to reach that goal.

Our first point is that cystic fibrosis kills. It kills more children than diabetes, multiple sclerosis, and muscular dystrophy combined. One measure of the extent of the threat is that 40 percent of the children born with CF in 1966, that was the year that Senator Hatfield was first elected to the Senate, died from this disease during the first 16 years of their lives. Of those who survived, another 40 percent will not live through the decade of the 1980's, given our present ability to treat the disease. I am speaking of percentages because that is how we measure things. But my own son was born with CF in 1967 and I find these odds terrifying.

We have often presented to you the entire picture of CF—the coughing, the constant therapy, the frequent hospitalizations, and the extreme costs. The story always gets down to one simple fact: Cystic fibrosis kills and we don't know how to stop it.

You and I and most people in this society look forward to a life expectancy of more than 70 years, as shown in chart I, which I would like to present you. But half the children with CF don't make it to age 21. I'm here to ask your help in closing that 50-year gap for the 30,000 young people with cystic fibrosis.

This gap will be closed only through research that unlocks the secrets of cystic fibrosis, and this is my second point.

In the past 2 years, researchers have discovered what looks like the basic mechanism that causes lung damage in CF. Research teams in North Carolina, Ohio, California, Massachusetts, Alabama, and elsewhere are looking into what's happening in the lungs, why there are so many infections and how we can promote better growth in these children to help them fight the disease better.

Up until now our doctors have been able to provide some treatment for symptoms, but they have lacked the ability to go to the root of the disease.

If this research continues to develop, the knowledge we gain may allow a whole new kind of basic therapy.

At the same time, however, the stakes have been raised in the research fight. For many years CF lung infections have been primarily from two types of bacteria. Since 1980 a third major infectious agent has appeared. One of our largest centers reported that this new bacteria was found in the lungs of every child who died from CF in 1982.

We have to learn more about this bacteria and we need to learn it fast.

Research is needed both to answer this new threat and to pursue our new opportunities. We must do basic research but we must also be prepared to carry those results through to develop better forms of treatment, and we must challenge the researchers to pursue problems identified in the hospitals and clinics.

Further, we recognize that progress in CF is inevitably linked to developments in other fields. This leads to my final point: The conquest of cystic fibrosis will require a large and well-balanced NIH and the President's budget does not provide funds to reach that goal.

Successful research requires basic science, but it also requires clinical trials. We need individual investigators, but we also need research centers.

The administration's budget has completely lost sight of this fact. Although there seems to be support for 5,000 new research grants, this level can be reached only through across-the-board cuts in grant funding, a phaseout of all research center activity, and a slash in research training.

It's now up to Congress to restore the funds to NIH so that all research mechanisms are adequately supported. We thank you for your success in increasing funding for NIH last year and we urge you to do it again for fiscal year 1984.

As shown in chart II, the President's budget fails to keep up with inflation. We believe, in contrast to the administration, that NIH is seriously underfunded, and recommend support that restores the program to the 1979 and 1980 levels.

Specifically, we'd like to request the following funding levels for 1984: For NIH overall, $4.489 billion; for NHLBI, $700 million; for NIADDKD, $475 million.

With this kind of support we are confident that we can look forward to the day when we can come before you to report a new fact, and that would be the conquest of cystic fibrosis.

Thank you, Mr. Chairman.

Senator WEICKER. What specifically in the NIH funding is lacking to assist you in your area of interest, cystic fibrosis?

Mr. DRESING. We're an orphan disease center and we do not expect that there is going to be specific legislation for a disease like ours because the basic defect is so complicated it runs through all the disciplines. It's going to take effort at the very basic level for us to find the answers.

What we are looking for——

Senator WEICKER. Which one of the agencies in NIH deals mostly with cystic fibrosis?

Mr. DRESING. NIADDKD, but also NHLBI. We also are getting support from Dr. Krause's institute as well: Allergy and Infectious Diseases.

The disease is so complicated, it runs through so many disciplines, that to isolate it within a single institute would probably cut down on the opportunity for us to find where the basic defect lies.

Senator WEICKER. This disease kills—you indicated it kills more than multiple sclerosis?

Mr. DRESING. Than diabetes and multiple sclerosis combined.

Senator WEICKER. I know a young lady by the name of Rosanne Tardella, and she finally died, I guess about 22 or somewhere around there—by 22, 23.

Mr. DRESING. We made some strides a few years ago—it wasn't but a few years ago that we were struggling to get the children into their teens. We've gotten them into the twenties, but it seems to be leveling off.

Now there's this new bacteria that seems to be wiping them out. It's scary.

Senator WEICKER. I want to help you and that's why I ask the question: Is there any particular phase of that budget which you feel we should direct our efforts to?

Mr. DRESING. If we can get more funding in NIH—we believe the case we take to NIH and the science and projects, that we project the individual institutes will get the funding that is needed.

We've certainly gotten good support from NIH. The problem is they have not had the dollars.

Senator WEICKER. Thank you very much.

Mr. DRESING. Thank you very much, Senator.

[The statement follows:]

STATEMENT OF ROBERT K. DRESING

My name is Robert Dresing, and I am President of the Cystic Fibrosis Foundation. I'd like to present three facts that form the basis of our recommendation to you. They are:

1. Cystic fibrosis kills more young people in this nation than any other genetic disease, and we can't do anything to stop it.
2. An aggressive research effort holds great promise in unlocking the secrets of CF and saving thousands of lives.
3. A successful research program demands a strong NIH that is supporting the full range of research activities, and the President's budget does not provide funds to reach that goal.

Our first point is that cystic fibrosis kills. It kills more children than diabetes, multiple sclerosis, and muscular dystrophy combined. One measure of the extent of the threat is that forty percent of the children born with CF in 1966, the year Chairman Hatfield was first elected to the Senate, died from this disease during the first sixteen years of their lives. Of those who survived, another 40% will not live through the decade of the 1980's, given our present ability to treat this disease.

I am speaking of percentages because that is how we measure things. But my own son was born with CF in 1967, and I find these odds terrifying. We have often presented to you the entire picture of CF--the coughing, the constant therapy, the frequent hospitalizations, the high costs. The story always gets down to one simple fact: Cystic fibrosis kills, and we don't know how to stop it.

You and I and most people in this society look forward to a life expectancy of more than 70 years, as shown in Chart I, but half of the children with CF don't make it to age twenty-one. I'm here to ask your help in closing that 50-year gap for the thirty thousand young people with CF.

This gap will be closed only through research that unlocks the secrets of cystic fibrosis, and this is my second point.

In the past two years, researchers have discovered what looks like the basic mechanism that causes lung damage in CF. Research teams in North Carolina, Ohio, California, Massachusetts, Alabama and elsewhere are looking into what's happening in the lungs, why there are so many infections, and how we can promote better growth in these children to help them fight the disease better. Up until now, our doctors have been able to provide some treatment for symptoms, but they've lacked the ability to go to the root of the disease. If this research continues to develop, the knowledge we gain may allow a whole new kind of basic therapy.

At the the same time, however, the stakes have been raised in the research fight. For many years, CF lung infections have been primarily from two types of bacteria. Since 1980, a third major infectious agent has appeared. One of our largest centers reported that this new bacteria was found in the lungs of every child who died from CF during 1982. We have to learn more about this bacteria, and we need to learn it fast.

Research is needed both to answer this new threat and to pursue our new opportunities. We must do basic research, but we must also be prepared to carry those results through to develop better forms of treatment, and we must challenge the researchers to pursue problems identified in the hospitals and clinics. Further, we recognize that progress in CF is inevitably linked to developments in other fields. This leads to my final point: The conquest of cystic fibrosis will require a large and well-balanced NIH and the President's budget doesn't provide the funds to reach that goal.

Successful research requires basic science, but it also requires clinical trials. We need individual investigators, but we also need research centers.

The administration's budget has completely lost sight of this fact. Although there seems to be support for 5,000 new research grants, this level would have been reached through across-the-board cuts in grant funding, a phase-out of all research center activity, and a slash in research training.

It is now up to Congress to restore funds to NIH, so that all research mechanisms are adequately supported. We thank you for your success in increasing funding for NIH last year and urge you to do it again for FY84.

As shown in Chart II, the President's budget fails to keep up with inflation. We believe, in contrast to the Adminstration, that NIH is seriously underfunded, and recommend support that restores the program to the 1979 and 1980 levels.

Specifically, we would like to request the following funding levels for FY84:

• for NIH overall	$4.489 billion
• For NHLBI	$700 million
• For NIADDK	$475 million

With this kind of support, we are confident that we can look forward to the day when we can come before you to report a new fact: the conquest of cystic fibrosis.

Thank you.

Chart I

A WIDE GAP IN U.S. LIFE EXPECTANCIES

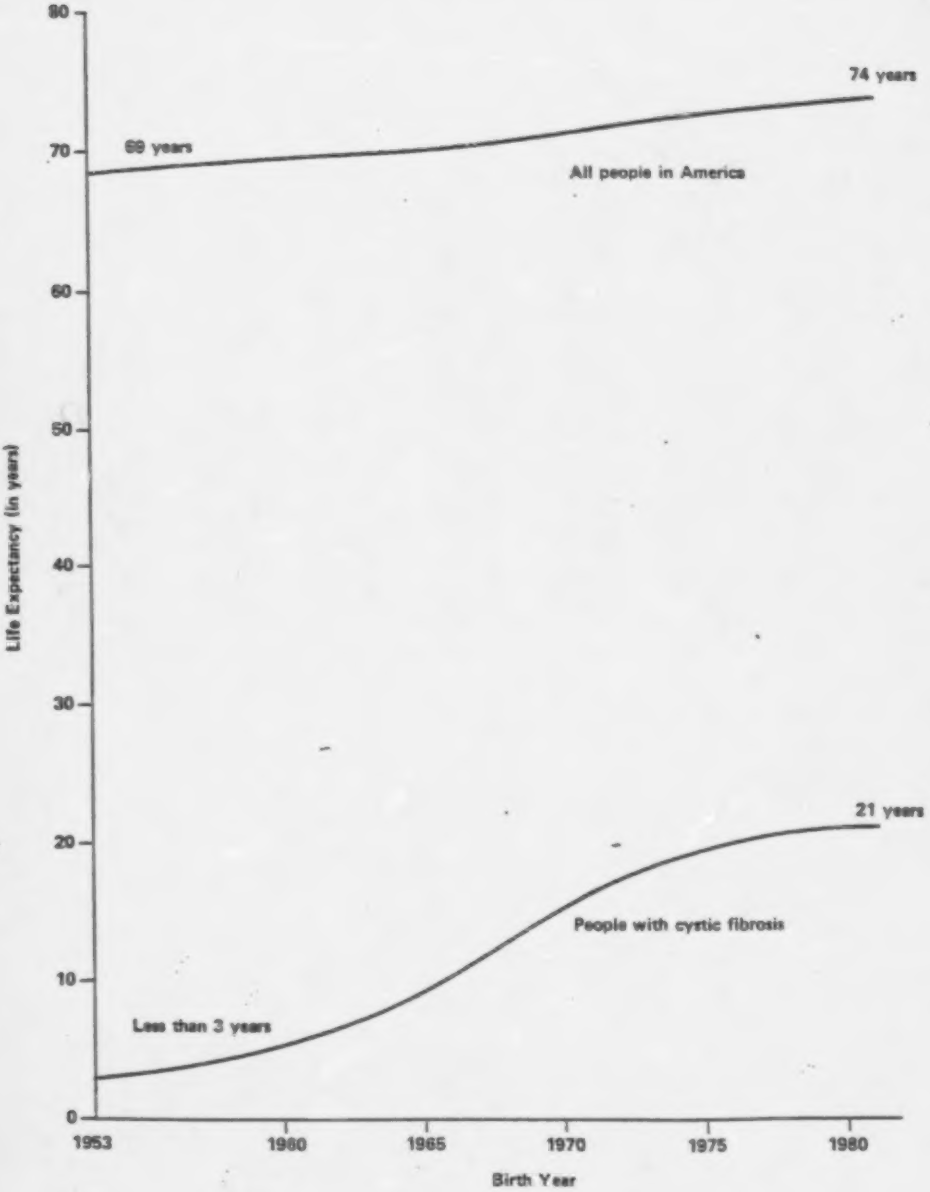
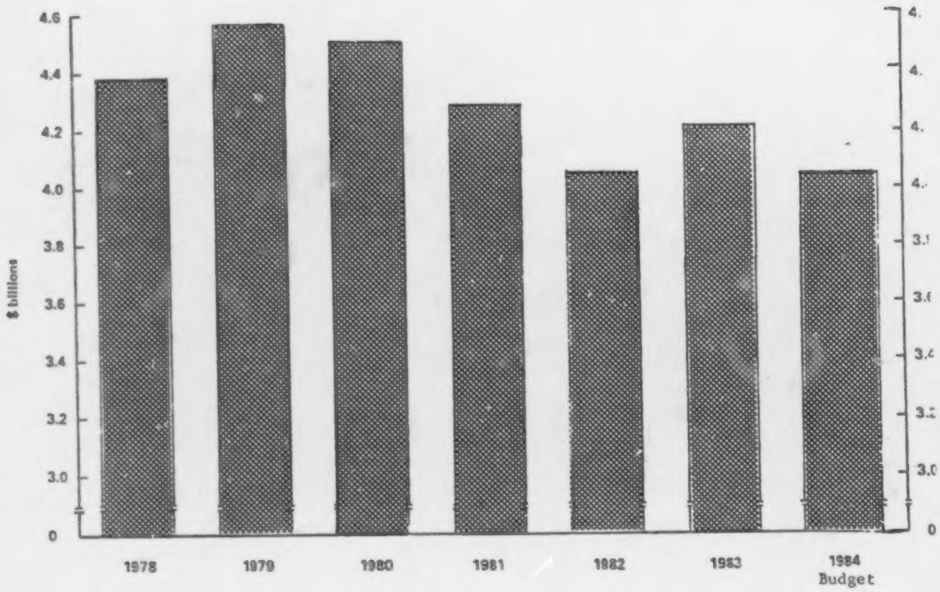


Chart II

NIH Appropriations, 1978–1984,
Expressed in 1984 Dollars



Source: Appropriations adjusted by OMB biomedical research and development price index for 1978-1982; by 6.0% for 1984.

Cystic Fibrosis Foundation
March 1983

STATEMENT OF DR. JOHN I. SANDSON, DEAN, SCHOOL OF MEDICINE, BOSTON UNIVERSITY MEDICAL CENTER

Senator WEICKER. Dr. John Sandson, dean of the school of medicine, Boston University Medical Center.

Dr. Sandson, nice to have you.

Dr. SANDSON. Senator Weicker, I want to thank you for giving me this opportunity to testify. I will briefly comment on four issues: financial aid to medical students; indirect cost reimbursement on NIH research grants and general pediatric and internal medicine residency training programs; and the proposed reduction in research centers, biomedical research supports grant, and research training grants.

In regard to financial aid, I think it's been clear to everybody that the financial aid for medical students has been moving away from grants and scholarships and toward loans.

In this regard I would like to suggest the following: that the exceptional financial needs scholarships be continued at the fiscal year 1983 level, that there be reinstitution of the National Health Service Corps scholarship program, that there be continued appropriations for the health professional student loans to permit the revolving loan fund to expand.

I feel if this fund is appropriately capitalized, and managed, it can provide a long-term solution to the financial needs of medical students. An increase of the guaranteed student loan program probably by 10 to 15 percent is necessary, and the cap for the HEAL loan program will probably be needed to be raised to $250 million for fiscal year 1984.

Subsidized loans like the health profession student loans and guaranteed student loans can be repaid over 10 years with a repayment of $1.50 for every dollar borrowed. HEAL loans, on the other hand, of 15 percent interest can lead to repayments for about $10 for every dollar borrowed and can lead to about $4 to $5 of lost Federal tax revenue through income tax deductions for every dollar borrowed.

It would seem to be less costly for the Federal Government to provide more GSL and health professional student loans with the overt subsidy up front so that the HEAL loans with their delayed large subsidy could be minimized.

Second, in regard to indirect research costs, these costs include such things as rent, heat, light, maintenance, administration, library, and several other items.

The cost of these items have increased with inflation. Indirect costs appear to be growing fast, primarily because direct costs have not increased at the same rate.

Indirect cost reimbursement should not be made a choice between higher direct grant support or full indirect cost reimbursement. We hope the Congress will again reject the 10-percent reduction in indirect costs that is being proposed.

The NIH budget needs to be increased about $414 million above the President's revised budget so that we can meet our country's needs in research.

In regard to general medicine and pediatrics residency training programs, we recommend that the fiscal year 1984 appropriations be increased back to $16 million which would just return it to the fiscal year 1982 level. We think this is particularly important because the general medicine program is really training physicians who will be very skilled and devoted to caring for the increasing numbers of the elderly. We feel that a lot of the success in caring for the elderly will depend on such programs as this and family medicine.

Finally, in the revised budget, the administration has agreed to fund 5,000 individual investigative grants. However, they are proposing a compensatory reduction in several critical areas, including research centers, BRSG, and research training grants.

We feel it would be more reasonable to fund these 5,000 individual investigative grants without making these compensatory reductions. This could be accomplished by funding the NIH at $414 million above the recently revised administration budget.

Senator WEICKER. Dr. Sandson, I appreciate your appearing before the committee. The exceptional financial needs scholarships, these have been zero-funded, as I gather?

Dr. SANDSON. That's right.

Senator WEICKER. What is the criteria here on these scholarships?

Dr. SANDSON. They are given to disadvantaged students, particularly those with marked financial need—largely to minority students, and they cover the cost of tuition.

Senator WEICKER. Is there a commitment tied to it as to where they serve after they graduate?

Dr. SANDSON. There's no commitment to that, but most of them have gone on to the National Health Service Corps and, therefore, have ended up with service commitments.

Senator WEICKER. Thank you very much.

[The statement follows:]

STATEMENT OF JOHN I. SANDSON, M.D.

I am John I. Sandson, Dean of Boston University School of Medicine. Thank you for the opportunity to testify this morning. I would like to discuss three issues which are currently of major concern to most medical schools, and particularly to Boston University School of Medicine: financial assistance, indirect research costs, and support for residency training programs in general internal medicine and pediatrics.

FINANCIAL ASSISTANCE:

In the last five years a troublesome dilemma has developed. The cost of medical education has doubled, while the sources available to help students pay their tuition - only a portion of the real cost of the education - has declined. Not only are fiscal constraints making it more difficult for families to contribute to their children's education, but the financial assistance programs available have been reduced and, in some cases, even eliminated. With the loss of capitation support, coupled with inflation and other restraints caused by declining external support for education, few institutions are able to offer much assistance to their students.

The Administration's FY '84 recommendations for financial assistance for medical students offers little hope towards improving this situation. All of the loan programs are targeted for reductions or no funding at all. This year no funds have been requested for the National Health Service Corps Scholarships, since the Administration continues its policy of phasing out the program, and there are now no students "in the NHSC pipeline." This is a regrettable loss, since the scholarships placed medical education within the reach of even the most financially disadvantaged students, and at the same time the country benefitted by having these young physicians "paying" for their education by practicing in underserved areas.

The Administration has also not proposed any new capital for Health Professions Student Loans, (HPSL) on the grounds that improved collections will bring revolving loan funds to $42.8 million in FY '84. While there has been justifiable concern with high delinquency rates, recent attention to this problem has prompted schools to improve collections and demand that loan recipients meet their financial obligations. Since 1965, HPSL has provided $381.8 million in low-interest loans, which have become particularly important with today's high interest rates. Many of the older schools have participated in the program long enough to acquire considerable capital. However, it is important to note that higher tuitions at most of the private schools have forced an ever-increasing number of students to seek HPSL loans, and thus additional capital is required to assure that all students who need support can receive assistance from this program. For newer schools with recently established, and thus smaller, revolving funds, the problem is even worse. I therefore urge the Committee to carefully verify the amounts currently available in the national revolving fund and to continue providing adequate capital annually to expand the capacity of this important loan program.

Another program for which no new further funding is proposed is the Exceptional Financial Need (EFN) Scholarship program. The Administration claims that the scholarships are no longer needed because both HPSL and Health Education Assistance Loans (HEAL) already give priority to exceptionally needy students for whom EFN was reserved. In fact, however, HEAL provides its loans without any priority stipulations, and although HPSL does try to place the exceptionally needy before other applicants with ever-growing demands, this program cannot be expected to meet all these obligations without considerable additional capital. If the Committee does terminate EFN funding, compensatory additional capital for EFN recipients should be included in the HPSL budget.

The low interest loan program which is used more than any others by medical students is the Guaranteed Student Loan (GSL)program. This year the Administration has proposed that all students, regardless of income level, undergo a needs analysis and that graduate students pay a 10% origination fee for these loans. The administrative problems raised by the needs analysis proposal seem monumental: the number of applicants needing review and the lack of definition of need seem to invite delay, subjectivity, and inequality. It is certain that the needs assessment will force even more students to resort to the high interest loans, and the doubled origination fee is an unjust and unbearable tax for graduate students already burdened by high tuitions and living expenses. Surely at a time when there is an acknowledged need for more, not fewer, students pursing graduate education, this is an ill-advised policy. I urge the Committee to reject the Administration's proposals concerning change in needs analysis and increased origination fees for the GSL program.

Due to the limitations on the available low-interest loans, increasing numbers of medical students are forced to seek Health Education Assistance Loans (HEAL) guaranteed by the Federal government. The loans are offered at the rate of 3.5 percent above the 91-day Treasury bill rates and interest can be accrued throughout medical school and residency and becomes part of the principal. In the twelve month period between April, 1982 and April, 1983 interest rates have ranged from as high as 16% to as low as 11%, and is currently at 12%. At rates of 15%, a student borrowing $10,000 annually for four years of medical school will face payments totaling between $200,000 and $400,000 depending on the period of payment.

The impact of such debts upon medical care should not be minimized. Students facing repayments of such large sums will be unlikely to choose the less well-paying specialties such as primary care, pediatrics and research - the very areas of medicine in which this country continues to need more physicians. Doctors are less likely to practice in less economically rewarding but medically underserved geographic areas when they must pay off huge debts. And certainly a physician needing to repay such loans has no incentive to keep his/her fees within the reasonable bounds so necessary if we are ever to contain the spiraling cost of health care.

Obviously, the HEAL program is the least ideal of all the loan programs available to medical students. Nevertheless, as long as the alternatives are so limited and the need so great, it is essential that the program continue to be available to those seeking it. The Administration has requested that HEAL loan guarantees be capped at $175 million - a figure clearly inadequate for the demand, which last year came close to the authorized level of $225 million. Since HEAL use is expected to increase further this year, I urge the Committee to reject the cap and permit borrowing up to the authorized $250 million for FY '84.

INDIRECT COSTS:

Another issue which is of great concern to medical schools is the intention of the Administration to reduce indirect cost reimbursement for NIH-funded research. This Committee is to be strongly commended for rejecting last year's Administration proposal to cut indirect costs by 10% and for specifically instructing NIH to reimburse these costs at fully 100%. We believe the Committee's instructions to NIH to work with research institutions to find means of cutting indirect costs is a far more equitable and appropriate solution than simply refusing to pay for a portion of costs which the institutions have already incurred and whose rate of reimbursement has already been carefully negotiated for the year.

Despite the clear congressional direction last year that indirect costs be 100% reimbursed, the Administration has again proposed a 10% reduction for FY '84. This year the details are not spelled out, but the 1984 budget reduces indirect cost reimbursements by about $72 million, or 10%. There appears, therefore, to be a continuing rejection by the Administration of the full legitimacy of indirect costs as research expenses, perhaps because they are not as precisely isolated for a particular research project as are direct costs. Moreover, indirect costs have admittedly risen at a faster rate than have direct costs. But this is due to factors beyond universities' control: inflation has affected the cost of items included under overhead such as fuel, utilities, and salaries of support staff. State and federal regulatory requirements have increased the need for record keeping and legal services, all of which are recognized administrative (indirect) costs. Finally, much of today's research projects are no longer contained in one laboratory, or even within one research field, but cross many scientific disciplines and therefore require collaborations from a whole network of researchers crossing many departmental boundaries. The resulting demand on institution support services and administration needed for these programs is reflected in increased overhead costs.

If the universities simply ceased services provided through overhead, researchers would demand they be reinstated. Productive research cannot continue in unheated laboratories with no electricity, in libraries with few staff, and offices with no support staff. But if indirect costs are not reimbursed at the full negotiated rates, the alternative is to cut back services. Few institutions have endowments which can absorb a portion of the indirect costs, particularly at this time when federal and state cutbacks in all areas are forcing institutions to make reductions in many other critical areas. Passing the costs on to our medical students would be unreasonable. It has been estimated that tuition at Boston University School of Medicine would have to increase by 10% or $1,500/year/student to compensate for a 10% reduction in indirect costs. Such an increase would surely place an unacceptable additional burden on our students. Our teaching hospitals are prohibited by statute from including research expenses in patient care costs. Nor do these institutions have alternative resources, for as health providers under the new reimbursement law in Massachusetts - a model for the nation - they are sustaining significant reductions in operating funds

Indirect costs have until recently been an accepted part of the research costs incurred by non-profit institutions. OMB Circular A-21 stipulating the items and services acceptable for reimbursement has recently been promulgated, but the Administration persists in attempts to cut overhead reimbursements for NIH-related research. Interestingly, the budgets for the Energy and Defense Departments do not reflect a similar policy of indirect cost reduction for the private sector, which generally has overhead costs considerably higher than those of universities.

The issue should not be made into a choice between higher grant support or full indirect cost reimbursement. Both are essential components of a productive scientific community. To assure the continuation of promising ongoing research, opportunities for young researchers, and full reimbursements for indirect costs of research, I urge the Committee to fund NIH at an additional $487 million above 1983 levels.

GENERAL INTERNAL MEDICINE AND GENERAL PEDIATRICS

The third issue I want to highlight is of particular interest to Boston University School of Medicine and other medical schools committed to training physicians in general internal medicine and pediatrics.

The federal government has been supporting the training of primary care physicians in residencies for internal medicine and pediatrics since 1977. The government's support has been based on the need to redress the national imbalance of both medical specialty and geographic distribution. These programs train residents in settings that emphasize ambulatory and comprehensive care. Special preference is given to applicants providing substantial training opportunities in underserved areas. Approximately one-third of the projects come up for re-funding each year. Grants average between $200,000 and $250,000.

Until FY '83, approximately 75 projects across the nation received federal support. Last year, however, the Administration recommended, and the Congress enacted, a cut from $16.3 million to $11.4 million for this residency training program. As a result, many promising residency programs will be dropped. Of the approximately 60 applications which are received annually, about 30 or 50% are approved by the HHS peer review study sections. In FY '83 only about 10 of these can be funded, because fully $9 million must go toward continuation of grants in progress. Thus only $2 million remains for renewals and new applications - an amount completely inadequate to the task.

For FY '84 the Administration has requested a slight increase in general internal medicine training funds to $12 million, and its budget justification states that the number of projects, residents, and first year positions supported remains the same as in FY '83. The fact is, however, that the drastic cut was made in FY '83 not in FY '84, and to adequately support quality programs funding should be returned to the FY '82 level of $16.3 million. The increase requested is only $4.3 million above the Administration's request, but it is essential if training in this area is to keep pace with the national need for internal medicine and pediatric generalists.

There is today a widespread objection to continued training of primarily sub-specialists, and we hear constantly of the need to have more "general doctors" who look out for patients' overall health, who serve the community at the local health clinic as well as in the hospital. We have an ever-growing population of elderly who will rely on general internal medicine for low-cost health care delivered with compassion and continuity. We have a health care system whose cost is being widely critized. General internists, schooled in preventive medicine, geriatrics, cost-effective medicine, and community care will be of major importance in the coming decades towards meeting major current health care problems - especially comprehensive care to the elderly in a cost effective manner. I urge the Committee to recognize these priorities and appropriate $16.3 million for general internal medicine and pediatrics.

ADDENDUM

In its recently submitted revised budget, the Administration has agreed to fund 5,000 grants, but has failed to increase the overall request for the National Institutes of Health. Instead, compensatory reductions have been made in three major areas - research centers, biomedical research support grants, and research training grants. The overall negative impact on research because of these cuts is at least as drastic as the initial low number of grants proposed by the Administration in its original budget for FY '84.

RESEARCH CENTERS

Of great concern to research institutions across the country is the Administration's proposed major cut in funds for research centers, both specialized/comprehensive centers and general clinical research centers. Apparently, the proposed reductions would be affected by eliminating funding for all those research centers scheduled for competing renewals in FY '84. I believe it is not an exaggeration to state that if the proposals are accepted by Congress, the impact on research and clinical care would be devastating.

There are at Boston University Medical Center two research centers which will be submitting competing renewal proposal in FY '84: the Multi-purpose Arthritis Center at Boston City Hospital and the Endocrine Research Center at University Hospital. Ongoing at each of these centers is major research which has gained recognition both inside and outside the scientific community.

The effect of the proposed cuts on arthritis research would be particularly great since considerably more than a majority of all the centers in the country are up for renewal in FY '84. There would be, however, $300,000 less than in FY '83 to meet these renewals, since the bulk of the funds remaining in the program would go toward support of those centers not up for renewal. The Boston University School of Medicine Multipurpose Arthritis Center has become a leader in two fields particularly amyloid and health services research on rheumatic diseases. Ours is one of two centers in the country doing work in amyloid and, as a result, patients come from far beyond the Boston area and Massachusetts. Our research on amyloid is funded through monies targeted for specialized comprehensive centers, while the necessary clinical care is supported by general clinical research center funds. Since both these budgets are targeted for major reductions under the revised Administration budget, the important and unique work being done here would be crippled. The cuts would mean a virtual termination of our health services research on rheumatic disease, since almost the entire research staff is supported by NIH research center funds. Care for homebound arthritis patients in nearby communities, as well as care and research at inner city nursing homes, would be terminated. Ongoing research on arthritis done in association with the well-known Framingham heart study would cease.

The Endocrinology Research Center at our University Hospital is also up for renewal this year. It has already suffered major cutbacks and lost all federal support for clinical beds last year. Without renewed funding the Center will have to discontinue its ongoing research, despite receiving one of the highest priority scores in the peer review process.

It must be emphasized that while in the case of each of these Centers, the hospitals have made some adjustments to permit limited continued patient care, they are prohibited by statute from funding research through patient billing. Hard pressed by this state's new cost containment system, our hospitals are simply unable to support these clinical research programs without the federal monies. I urge the Committee to reject the Administration's revised budget request by restoring the necessary $52 million to permit funding of all the research centers scheduled for competing renewals in addition to those not up for refunding.

BIOMEDICAL RESEARCH SUPPORT GRANTS (BRSG)

Another area in which the Administration has sought to make cuts in order to support an increased number of grants is the biomedical research support grants (BRSG). These grants provide general research support monies awarded to institutions having significant amounts of NIH funded research. The institutions are given the discretion to apply these funds towards research as deemed appropriate and necessary by the institution itself.

As Dean of Boston University School of Medicine and Program Director for our BRSG award, I am particularly aware of the rapid increase in relative importance of BRSG funds over the past several years. It is the flexible nature of the BRSG funds which makes them so vital to the continued effective operation of the research and research training programs of privately-endowed schools such as ours. The growing importance of the funds is directly correlated with the increased number of limitations placed on other research grant programs. Thus, the BRSG monies have gained particular value in their ability to support a variety of research projects and to be used for varying purposes. In short, they have the flexibility to "fill in the gaps" in situations where research cannot begin or has been interrupted for lack of funding.

BRSG funds are not allocated in anticipation of their necessarily leading to accomplishments that might be designated as "major" by conventional standards, for this kind of project generally requires large allocations over significant periods of time. Rather, the funds have been used with the intention of providing initial research opportunities for a maximum number of new and young investigators, and to foster balanced growth of programs by encouraging joint research and research training efforts, cooperative use of resources and elimination of redundancies in equipment, service, and personnel.

The program has been particularly useful in enabling us to provide salary and project support for faculty requiring start-up or interim funds. Investigators who seek to develop research leads, and new and young faculty have had to rely on BRSG awards of very modest amounts if their work was to be begun with any promptness. Support for such studies can frequently be obtained only with difficulty and delay from conventional sources. Moreover, these sources are frequently reluctant to support "untested" researchers who need to be permitted to develop their own research potential.

As this Committee is aware, tighter federal budgets for research has resulted in significant increases in the numbers of investigators, even those with long histories of sponsored research support, whose proposals are "approved but not funded." BRSG monies have been used in such cases for interim support - to minimize the disruptive effects of even temporary failure of outside funding on an established research program and/or smoothly functioning research team.

The importance of BRSG funds as start-up and carry-over funds at this institution was verified in a recent evaluation of the effectiveness of BRSG-supported programs in attracting additional research support and generating published research. About 70% of BRSG allocations at Boston University School of Medicine succeed in attracting one or more research grants or awards, and one or more publication. While these are limited standards of evaluation, within the research community publication and the attraction of additional funding support through the peer review process provides some measure of the importance of work funded by BRSGs.

In a time of curtailed research funding and restricted budgets, the flexibility of BRSGs has unique and particular value. I urge the Committee to reject the Administration's request that almost 40% of BRSG funds be cut, and continue current levels of funding for this vital program.

TRAINING GRANTS

While the Administration has signaled its concern for research by recommending funding to support 5,000 new and competing grants, it has proposed significant cuts in the budget for research training, the program which enables medical schools and hospitals to train and develop the physician scientists of the future. These are the doctors who will combine the treatment of disease with the study of its causes, its progression, and its relationship to the multitude of external and internal factors affecting health. It seems ironic and shortsighted that the Administration has recommended cut backs in the very program which trains young researchers so that they may in the future qualify for the federal grant support, which the Administration has recognized to be so important to productive research programs.

It is an acknowledged problem that it has become increasingly difficult to attract medical students into research careers. There is no question that financial disincentives are a major explanation for this. Students facing major educational debts are less likely to pursue medical research, known to be less financially rewarding than other medical specialties, or are attracted to the private sector, where research brings higher, more competitive salaries. Young researchers are well aware of the constant competition within the research community for limited research support. The Administration's proposal to cut research training would seem to fly in the face of its recently stated commitment to improve support for science education and research.

As the Committee considers the level at which to fund the training grants, it is important to recognize that award for institutional support must be made in proper proportion to the support of the trainees. Without adequate major institutional support, research institutions will not be able to provide a quality training environment with committed and experienced faculty, adequately equipped laboratories, and up-to-date research resources. If funding for individual training grants were increased without commensurate support for institutional support, research institutions would be faced with difficult decisions, for we simply do not have the resources to sponsor training without funds for the necessary support services.

In recent years, this Committee has had a particularly difficult job making decisions about program reductions, and I heartily commend you for recognizing the need to provide adequate support for biomedical research in the face of pressures to the contrary. In order that this research may continue without sacrificing some important programs to fund others, and to allow adequate growth, I urge the Committee to increase funding in FY '84 for the NIH by $414 million above the President's requested budget.

Thank you for the opportunity to submit this additional testimony.

STATEMENT OF DR. CLAIRE FAGAN, DEAN, SCHOOL OF NURSING, UNIVERSITY OF PENNSYLVANIA; REPRESENTING THE AMERICAN NURSES' ASSOCIATION, THE NATIONAL LEAGUE FOR NURSING AND THE AMERICAN ASSOCIATION OF COLLEGES FOR NURSING

Senator WEICKER. Dr. Claire Fagan, dean, school of nursing, University of Pennsylvania, representing the American Nurses' Association.

Dr. FAGAN. Mr. Chairman, I'm Claire Fagan, dean of the University of Pennsylvania School of Nursing; as you said, representing the American Nurses' Association, and I also speak on behalf of the National League for Nursing and the American Association of Colleges for Nursing.

There are two basic messages I want to bring here today. First, our belief that cuts in health programs at the expense of the poor must be stopped. The Nation is already seeing the results of the devastating reductions in Federal support for health programs starting in the 1980's.

As a resident of Pennsylvania I was particularly interested in a recent article in the National Journal which I imagine you have seen.

[Witness hands document to the chairman.]

Dr. FAGAN. It recounts difficulties that Philadelphia hospitals have experienced as a result of Federal cutbacks. I think this article is a paragon to what's happening in cities throughout the country.

It notes maternal and child health programs have been particularly hard hit. First, several programs were folded into one block grant, then appropriations were reduced by 18 percent.

Because of these cuts, some hospitals have begun asking for cash up front to cover the cost of prenatal care and delivery. As a result, many women are being forced to forego care entirely, and when they go into labor they are just showing up in emergency rooms in the hopes that they will be cared for.

These programmatic cuts are pennywise and dollar and people foolish. Those most hard-hearted reviewers of the evidence may not be swayed by the inhumanity inherent in the documentation, and there's plenty of it.

However, the equally hard-headed among us should recognize that current policies are short-term dollar savings with longer-term people and dollar consequences.

There's a great deal of evidence that adequate prenatal care and early treatment of complicated pregnancies can save million of dollars later.

To cite only one study on cost, two nurse researchers in Oregon recently compared the cost of preventive prenatal care and the treatment of complicated pregnancies. They showed if even 5 women out of 57 in their study who are not receiving adequate maternal care gave birth to moderately ill premature babies, hospital costs for those five infants would be approximately $150,000.

Five out of fifty-seven women in complicated pregnancies is a very conservative estimate. Funds must be restored for maternal and child health and similar programs.

The second message we wish to share naturally is our concern about the President's request to eliminate funds for mental health training programs and nursing research, and to seriously curtail funds for nursing education.

The mental health training program for nurses, which incidentally does include a payback provision requiring a period of service in exchange for the financing of the individual's training, has been totally responsible for providing psychiatric nurses in unserved and underserved populations. Thanks to your intervention, programs will be funded in targeted areas this year.

However, the administration plans to eliminate all training program support despite evidence of need—evidence of need the administration itself is providing to the contrary. This can be linked to the administration's request for nursing research and nursing education, again, despite the complete incongruence in the administration's own statement of need and rationale.

In its proposed fiscal year 1984 budget, the President is requesting a 75-percent reduction for nursing programs following the huge cuts that have already been made.

Since 1980 funds have been slashed by more than 50 percent. Again we believe this approach is shortsighted and dangerous for the future of safe and effective health care.

As you know, the Institute of Medicine at your direction recently concluded a study and report on the funding of education and research, which called upon Congress to fund nursing education and research at the fiscal 1981 level of about $80 million. The administration's request for a little over $13 million falls woefully short of the IOM's recommendation.

The Institute of Medicine recommended continued funding for graduate nursing education programs and specific others and were the first to cite the need for nurses in advanced education as a scarce national resource.

They said their education merits continued Federal support. The report also noted that though a substantial share of the health care dollar is spent on nursing care, a remarkable dearth in nursing practice exists, and recommended funding at a much increased level for nursing research.

The ANA is grateful to this committee for restoring funding levels for nursing research project grants at the fiscal year 1981 level of $5 million, yet the administration would eliminate even this small amount.

We believe registered nurses at the bedsides, homes, clinics, emergency rooms, and everywhere else that they work are a major national resource.

We believe continued Federal support is essential to insure sufficient numbers of these professionals qualified to provide a full range of health services, and we strongly urge you to restore funding for nursing education and research.

Thank you, Senator Weicker.

Senator WEICKER. Thank you very much. I'm glad to have the article relative to the situation in Philadelphia.

We had up here before our committee last week the health director, and he was commenting on infant mortality rate, which I gather is 27 per 1,000 in Philadelphia.

The national average is what? Eleven, twelve? And he indicated that was probably fairly indicative of the situation in the big cities across the United States due to the various situations that you are talking about, lack of prenatal care.

Dr. FAGAN. Exactly.

Senator WEICKER. Really not seeing the mother at the center before they actually go into delivery.

Dr. FAGAN. I'm proud to tell you that Sister Theresita Hennigan, who's mentioned in that article as having studied the infant mortality rate in the two districts, is a member of the faculty of the school of nursing at the Unversity of Pennsylvania.

Senator WEICKER. Three hundred babies; you figure some 300 died? I had a question and answer session with some people in Connecticut. I was commenting on our priorities, our spending priorities, obviously quite critical in the major portions of the administration's budget.

I use this as a statistic. That's where the price is being paid. It's not being picked up, but we've already had testimony too by the local and State private sector volunteers, et cetera.

There's a price being paid, 300 babies died. I don't know what portion of that you want to attribute to lack of proper care, but some portion could be attributed.

Some fellow stood up at the rear of the room, he said, "but tell me Senator, how many of those 300 children were illegitimate?" That'll teach them, won't it?

I don't understand what's gotten into this country in the sense of what we feel we owe our fellow human beings, but I would suggest that the business of life has traditionally been the business of the United States of America, and I just don't know any way to achieve a success in that business without an expenditure of effort and money.

As my friend Marion Bigelow from Connecticut said yesterday, "how long can we keep our fingers crossed in the sense that that's going to provide the solution?"

This is a totally unscientific approach to the problem. I think the nursing profession clearly has become even more important, as it's known that the nursing profession can do more and more to relieve the increasing specialization of the physicians themselves.

So much can be done in terms of prenatal care, with preventive medicine by nurses. I just don't understand the kinds of budgets being presented.

I'm delighted you made your presentation. Again, we'll do everything that we can, but I think we're getting to the point here where, you know, it's got to be more than a few Senators—Republicans and Democrats—and a few Members of the House. I think the American people better darn well start standing up now and speaking out on these issues.

When we started down this road several years ago, we said, "Boy, it's high time they caught up with those welfare cheats; they're the ones that have been causing the deficit, that's who we're going to get."

We're at the point now where in the words of John Donne, "I am mine own executioner." As I say, this is a matter, I think, that has to be articulated by many more than you and me.

Dr. FAGAN. We'll try.

Senator WEICKER. You know, nurses are a very important group. I think they talk to a lot of people and I hope they are doing a lot of talking.

Thank you very much.

[The statement follows:]

STATEMENT OF DR. CLAIRE FAGAN

Mr. Chairman, I am here today representing the American Nurses' Association, the professional organization that represents this nation's registered nurses, the largest single category of health care providers.

We appreciate the opportunity to present our views on the President's fiscal year 1984 budget requests.

The American Nurses' Association stands in strong opposition to the overall thrust of the President's budget proposals for health services programs. Under the guise of fiscal restraint, the President is in reality merely redistributing expenditures by shifting costs to the poor (particularly women and children), the elderly, and the disabled. The devastating reductions in funding for the various federal health programs since 1980 have propelled this nation into a two-tiered health care system with access to those services either limited or denied to our economically disadvantaged.

According to the Children's Defense Fund, human service officials from 55 cities nationwide ranked health care programs as the most common area affected by federal budget cuts. Cities received a 42 percent cut in health care funds and provided health care to 10 percent fewer people in 1982 than 1981. Registered nurses in every state report that these program reductions have resulted in cruel and life-threatening hardships for those individuals least able to cope with them. The Administration's cuts, coupled with the depressed economy, have left hundreds of thousands of families who are unable to pay their health care bills without essential services.

Although the American Nurses' Association is gravely concerned over the Administration's assaults on all of the health services programs, we wish to focus particularly on several programs designed to protect the most vulnerable populations.

MATERNAL AND CHILD HEALTH

The Maternal and Child Health Block Grant provides services ranging from prenatal care and immunizations to medical care for high-risk newborns and children suffering from handicapping conditions. ANA recommends that this program be funded at a substantially higher level than that requested by the Administration. The President's request for $373 million is $18 million below FY 1981 appropriations. Meanwhile, Medicaid cutbacks and rising unemployment have meant significant increases in the numbers of families in need of MCH services. One tragic result of these cruel and short-sighted cuts has been a substantial increase in the infant mortality and morbidity rates in many of the nation's major cities.

The plight of the maternal and child care programs in Portland, Oregon reflects the difficulties faced by similar programs all over the country. According to the Director of Nursing Services for Multanoma County, "all sources of funding are being battered at the same time" with both local and federal monies being cut by several million dollars.

Two nurse researchers in Oregon have completed preliminary data in a study of the effects of government funding cuts on access to prenatal care for low-income women and their infants. They reported that 10.2 percent of the 1,458 pregnant women surveyed are not receiving prenatal care. Fifty-seven or 6.3 percent of the 903 respondents who were in their last trimester were not receiving prenatal care. And in perhaps the most compelling statistic, 9.3 percent of the women indicated that because they could not pay they could not pre-register to give birth at a hospital, and so planned to show up at the hospital in labor in the hope that they would be cared for.

The research report compared the costs of preventive prenatal care and the treatment of pregnancy complications. If only five of the 57 women who were not receiving adequate maternal care in the last trimester gave birth to a moderately ill, premature baby, a conservative estimate of the hospital costs for those five infants would be $150,000, the researchers say.

"Study after study has clearly established the relationship between inadequate prenatal care and higher incidences of prematurity, low birth weight and developmental anomalies," the researchers concluded.

CHILD IMMUNIZATIONS

We are very concerned about the inadequate funding levels proposed by the Administration for the immunization program. Many state health departments have been forced to initiate a payment requirement for childhood immunizations where none existed previously. Changes in federal funding levels may force some populations to choose between immunizations and such things such as shoes, clothing and even food.

The Administration has proposed funding the childhood immunization program at $42 million -- $4.5 million less than the amount needed to vaccinate the same number of children who were served in FY 1981. Again, this policy of cutting programs which were designed to prevent more serious and costly health care needs is so clearly inconsistent with demonstrated savings associated with disease prevention. It is clearly penny-wise and pound-foolish to adopt such an approach. Any short term savings resulting from cutting immunizations for children will clearly lead to much greater long term costs.

FAMILY PLANNING

We are also opposed to the Administration's continued attempts to severely curtail family planning programs. The Administration has succeeded in cutting funding for family planning by more than 25 percent from 1981 to 1982, and held to that reduced amount in 1983. We believe that the benefits of family planning services more than justifies the need for increased funding for these programs. A recent study documented that for each dollar spent on providing family planning services to a teenager, approximately $3.00 is saved in government funds the next year in terms of increased medical care, social services, education, welfare, and public housing.

NURSING EDUCATION AND RESEARCH

Mr. Chairman and members of this Committee, the American Nurses' Association once again requests your opposition to the massive cuts proposed by the Administration for nursing education and research.

In his proposed FY 1984 budget, the President is requesting an over-all 75 percent funding reduction for nursing programs including complete elimination of student loan assistance, research projects and fellowships, and professional traineeships. Since 1980, funding for nursing education and research has been slashed by more than 50 percent. Previous cuts have virtually crippled nursing education programs. Additional reductions will result in more school closings and will lessen the ability of professional nursing to provide quality health care services to this nation's citizens.

A 1983 Institute of Medicine (IOM) report, issued by the Study Committee on Nursing and Nursing Education and conducted at the request of Congress, cited the need for fellowships, loans and graduate level programs to expand the number of nurses with skills commensurate with "the growing complexity of care in many health settings." Calling RNs with high quality education a "scarce national resource," the report called upon Congress to fund nursing education and research at the FY 1981 level of about $80 million. The Administration's request for a little over $13 million for these programs falls woefully short of the IOM recommendation.

Nursing Research

We are adamantly opposed to the Administration's efforts to completely eliminate nursing research projects and fellowships. These programs presently receive a relatively small amount of funding and are struggling for survival with a very limited ability to award new projects.

We are grateful to this committee, specifically, for restoring funding levels for the nursing research project grants to the FY 1981 level of $5 million. We would point out, however, that the Institute of Medicine Report expressed strong reservations about the underfunding of nursing research. The report points out that a substantial share of the health care dollar is expended on nursing care, and yet there is a remarkable dearth of research in nursing practice. The report goes on to say that the federal government's principal nursing research initiative -- funded at $5 million in FY 1983 -- is not at a level of visibility and scientific prestige to encourage scientifically oriented RNs to pursue careers devoted to research of direct applicability to the problems that nurses confront in patient care. According to the report, the lack of adequate funding for research and the resultant scarcity of talented nurse researchers have inhibited such investigation.

Illustrations of nursing research projects include: maximizing the living skills of elderly nursing home residents; providing home health care for children with cancer; developing comprehensive health care plans for patients with cancer; assisting patients with heart problems and their families cope with the stress associated with hospitalization and rehabilitation; and identifying cultural factors in hypertension.

In addition to funding for the nursing research project grants, we remain concerned about the low numbers of nurses educationally prepared to undertake research.

The National Academy of Science and the Institute of Medicine have consistently recommended higher levels of funding for National Research Service Awards (NRSAs) earmarked for nursing at the predoctoral levels of research training. However, funding levels for this program have remained the same since inception of the program in 1976 and were reduced by 4 percent in FY 1982. Inflation of tuition and research costs has seriously eroded the capacity of the nursing NRSA program to meet even minimum requiremer for increasing the numbers of nurse researchers. We request the Committee to give serious consideration to increasing funding levels for this program.

Advanced Training

According to the Institute of Medicine Report, "the growing complexity of care in many health settings presents problems that increasingly require the specialized knowledge and experience of nurses with advanced nursing degrees, both to provide direct care and to provide consultation and training to less highly prepared staff caring for patients with complex illnesses...The Committee believes that RNs with high quality education are a scarce national resource and that their education merits continued Federal support." We would add that the intensity of care has increased significantly with more RNs needed to carry out specialized functions.

At present, about 60,000 or less than 4 percent of all nurses are prepared at the masters or doctoral level. Only 62.5 percent of all full-time nursing faculty members have masters degrees and only 5.3 percent hold doctorates. Less than half of nursing service administrators hold at least a baccalaureate degree; of this group, only 28 percent hold a masters degree. These individuals are responsible for over half of a hospital's budget and one-third of its personnel.

The President's budget for FY 1984 would cut the Advanced Training program, which provides institutional support, by 90 percent. This funding level would provide a total of 8 awards compared to 89 during the previous year. The President's budget would also eliminate the Professional Traineeship program which provides stipend support to RNs for full-time study at the graduate level.

Special Projects

The Special Projects program provides grants and contracts to public and nonprofit institutions to develop innovative nursing methods emphasizing primary care and prevention to help meeting the needs of high-risk groups such as the elderly, children, and pregnant women.

The focus of the Special Projects program corresponds with a specific recommendation contained in the Institute of Medicine Report. The report recommends that "the federal government offer grants to nursing education programs which, in association with the nursing services of hospitals and other health care providers, undertake to develop and implement collaborative educational, clinical, and/or research programs.

Priority areas addressed by the projects currently funded under this program include attracting minorities to the profession of nursing; providing nursing education outreach programs in geographically remote areas; and enhancing the work setting through cooperative arrangements between schools of nursing and hospitals. Current levels of funding for special projects have provided only for continuation of ongoing projects. Consequently, many worthwhile projects remained unfunded. The approved unfunded projects focused on training for nurses in the assessment and management of the elderly so that they can remain in their own homes; educating nurses in the care of high risk infants; providing access to educational opportunities in rural or inner city settings by extending established nursing programs via satellite campuses; providing upward mobility opportunities for licensed practical nurses to become registered nurses; and enhancing an institution's ability to retain nurses in practice.

Because the Special Projects program has, and can continue to, positively influence both clinical practice and nursing education, we request that funding be restored to the authorization level of $11 million which is still lower than the FY 1981 level of $12 million. The President's budget recommends that this very important program be cut back by about 6 percent in FY 1984. This reduction would come on top of more than 50 percent in cuts since 1980.

Nurse Practitioners

The majority of nurse practitioners serve in rural and inner-city communities, and focus their services on underserved populations such as: migrant workers, low-income mothers and children, and the elderly. About half of the patients cared for by nurse practitioners have annual incomes of less than $4,000. A study by the Office of Technology Assessment on the cost effectiveness of nurse practitioners showed that their use results in productivity gains and cost reductions.

The 1982 Third Report to the Congress on the Nurse Training Act recommended extension of the nurse practitioner training program to meet the dictates of a redirected national health strategy emphasizing the promotion of health and prevention of disease, thus reducing the need for institutional care. The Institute of Medicine Report also cited a particular need for the services of nurse practitioners in medically underserved areas and in programs caring for the elderly.

The President's budget recommends that this program, which provides grants to develop and operate nurse practitioner programs, be cut by more than 50 percent in FY 1984.

Student Loans

The nursing student loan program provides low interest loans to undergraduate and graduate nursing students. Reports indicate that about two-thirds of loan recipients are from low-income families. According to a survey by the National Student Nurses' Association, 71 percent of those students receiving aid stated that they could not continue school without this assistance. Reduction in other higher education student assistance programs such as Pell Grants, Guaranteed Student Loans, and National Direct Student Loans will leave nursing students with few alternatives and permit only those from wealthier families to attend nursing school full-time.

Although the overall shortage of generalist nurses has been somewhat alleviated over the past few years, we believe that the current supply situation is clouded by economic conditions which have brought a decline in the demand for health services. However, the need still exists for financial assistance to those who lack access to nursing services and dollars to pay for them. Improved conditions could release a pent-up demand which would again trigger a shortage if care is not taken to maintain nursing supply at a high level. We are pleased that the IOM Report does note the need for continued federal aid to assure that the nursing supply is maintained.

The President recommends that this program be completely eliminated in FY 1984 after it has been cut by over 95 percent since 1980.

NATIONAL INSTITUTE OF MENTAL HEALTH: CLINICAL TRAINING

The Mental Health/Psychiatric Nurse Clinical Training Program provides awards for psychiatric nurse traineeships and for institutional support. The program is designed to train registered nurses at the masters and doctoral levels to be psychiatric nurse specialists and researchers. The primary objective of the program is to increase the number of psychiatric nurses for practice with the chronically mentally ill, the young, and elderly persons.

Mental health clinical training programs provide the basis for quality mental health care in this country, especially for those populations which are unserved or underserved. These populations include: severely disturbed children and youth; mentally ill senior citizens; the chronically mentally ill; and individuals de-institutionalize to community settings.

NIMH continues to identify psychiatric nursing as a shortage area. Funding for advanced psychiatric nurse training is based solely on the NIMH clinical training program and is not authorized or funded under the advanced nurse training program administered by the Health Resources and Services Administration, Division of Nursing.

The clinical training program has been reduced from $81.3 million in FY 1981 to $21.5 million in 1983. The President's budget would eliminate funding for this program.

CONCLUSION

As the largest group of professional health care providers, registered nurses feel a strong sense of responsibility to speak for the poor, the aged, the disabled, and the children of this nation and their special needs in receiving vital health care services. These populations are assuming a disproportionate burden for accomplishing budget cutting. Registered nurses are at the bedsides, in the homes, in the clinics, and emergency shelters. We know the importance of health care services designed to eradicate or prevent serious illness. We further believe that continued federal support of nursing programs is essential to ensure sufficient numbers of professionals qualified to provide a full range of health services.

We urge this Committee to make health care for our nation's most vulnerable populations a priority in the 1984 budget.

[The Political Nurse, February 1983]

If You're Poor, Hospital Doors May Be Shut Because of Federal Aid Cutbacks

The following is excerpted from an article in the National Journal *of December 4, 1982, and appears by permission of the publisher. It reminds us, through the example of Philadelphia's hospitals, why nurses need to be increasingly politically active.*

By Linda E. Demkovitch

If you're pregnant, poor, and without health insurance, you may have a hard time finding a hospital here that can care for you and your unborn child.

Like so many other urban, not-for-profit institutions serving large numbers of the poor, Philadelphia hospitals are beginning to suffer from federal and state cutbacks in Medicaid and other federal health programs. As a result, city officials say, many are now asking for cash up front from uninsured women who do not qualify for Medicaid to cover the cost of prenatal care and delivery.

To the hospitals, this is just good business. But to the poor women, officials say, it is an intimidating request that keeps many from seeking critical early treatment. Months later, they warn, many of these women will deliver sick babies whose medical costs will far exceed the cost of prenatal care. And that would mean that the Reagan administration's health spending economies will backfire.

The alternatives available to such women in Philadelphia are limited. There has been no public hospital in the city since 1977, when Philadelphia General was shut down and its patients scattered among the private facilities that are now turning away patients who cannot pay.

City-run clinics that once might have absorbed the overflow are themselves overflowing and trying to make do with less money. Block grants that the administration pushed through Congress in 1981, Philadelphia officials say, have meant fewer dollars for maternal, infant, and child health programs.

Almost all the programs incorporated into the block grants are affected, they report. In fiscal 1981, for instance, the city received $5 million in federal funds to run its mental health programs. This year, it expects to get only $4 million, including $1.4 million earmarked for the "deinstitutionalization" of mental patients.

To Stuart H. Shapiro, the city's health commissioner, "this is not the way to go about reforming the health care system." The block grants set "everybody scrambling to meet their own needs," he said. "It's not only bad economics, it's inhumane."

It may be small consolation, but Philadelphia is not alone in its plight. A report released in October by the U.S. Conference of Mayors said the block grants "are clearly not serving the needs of the cities—at a time when the people in cities need help most." Two-thirds of the 55 cities that responded to the conference's survey said the block grants had "adversely affected" their human services programs in fiscal 1982. Of the services listed, health care was hit the hardest, followed closely by employment training and programs for the elderly.

Philadelphia's unemployment rate in September was 8.4 percent, less than the national average of 10.1 percent but 1.3 points higher than it was in September 1980. The effects are already being felt. Visits to the city's clinics and mental health centers were up during the first six months of this year, Shapiro said, and many more clients are coming from white, middle-class families.

"We're seeing a lot of patients falling between the cracks," he said, "and things are going to get worse next year."

Hospitals' Hard Times

For many Philadelphia hospitals, "next year" is now. Until last June, Medicaid paid them their costs of treating the poor. But in July, Pennsylvania's General Assembly, in an effort to hold down the program's costs, slapped a 10 percent lid on annual increases in daily reimbursement rates, which most hospitals considered inadequate to begin with.

For hospitals that serve disproportionately high numbers of Medicaid patients, the state agreed to increase the cap to 10.5 percent. But for institutions that lack large pools of privately insured patients to whom they can shift costs, the cap, coming on top of the cuts enacted by Congress in 1981, and again this year, could work a severe hardship.

Nationally, the cuts may be having the desired effect. In fiscal 1982, according to the Intergovernmental Health Policy Project of George Washington University, federal and state Medicaid spending grew by 9.8 percent, well above inflation but the first time ever that growth fell short of double digits.

But at the same time, according to a report prepared by the Delaware Valley Hospital Council, which has 80 members from a five-county area surrounding and including Philadelphia, 26 of the city's 38 acute-care and specialty hospitals had operating losses in 1981. Of those, 13 have lost money for the past four years—since the year after the public hospital was closed.

All the hospitals have suffered because of Medicaid cuts and the increased burden of charity care, said Robert A. McKeown, the council's executive vice president, although none is in "imminent danger" of closing. "But if the trend continues," warns KcKeown, "many may not have the resources to continue providing services to the poor. They can absorb only so much."

Harold Cramer, chairman of the Graduate Hospital, a not-for-profit teaching facility in central Philadelphia, puts part of the blame on a dearth of primary-care physicians in the city. As urban neighborhoods declined, doctors moved out and the poor turned to hospitals as their primary source of health care. By its nature, he said, such care tends to be more expensive.

Hard-Bench Medicine

Unfortunately for Philadelphia's poor, the squeeze on hospitals comes just as the city's resources are being stretched to their limits. The block grants enacted in 1981 are largely responsible for the crisis, health officials say.

Maternal and child health services illustrate the predicament. At the urging of the administration, Congress folded seven categorical grant programs, ranging from the large maternal and child health and children and youth programs to the relatively small infant death syndrome program, into one grant.

Along with the grant came an 18 percent reduction in appropriated funds. For Philadelphia, the block grant meant a decrease for its maternal and infant care program from $1.5 million in fiscal 1981 to $1.1 million in fiscal 1982; for its children and youth program, the cut was from $2.17 million to $1.95 million. Because of the way the state allocated the funds, a city official said, the cuts had an impact far greater than their actual size.

National data collected by the Children's Defense Fund show that the cuts have hit pregnant women and infants the hardest. This indeed seems to be the case in Philadelphia.

A year ago, the state decided to stop paying for births and hospital stays for uninsured women who are not covered by Medicaid and instead to spend the money where the payoff appears to be greater: on prenatal education and nutrition. If the city chose not to absorb the hospital costs, the hospitals themselves would have to underwrite the two or three days of inpatient care.

Because the government of the city did not have the money, the burden fell on the hospitals. Some institutions, to protect themselves from bills that they felt might never be paid, have responded by asking pregnant women who seek prenatal care for cash in advance to help cover the cost of delivery.

Shapiro, whose staff investigated the policy, said that one hospital asked for $375 on the first visit. Faced with such an immediate demand for payment, Shapiro explained, many women forgo care entirely. But when they go into labor, many of them show up at hospital emergency rooms, where medical treatment is particularly costly.

Mark Levitan, executive director of the University of Pennsylvania Hospital, said that from a business standpoint, the policy of requesting deposits "doesn't bother me. We do that for all patients. We don't discriminate against the poor."

But there is a larger issue that must be addressed, Levitan said: the poor's access to quality health care. "People may, because of pride, simply stay away and then end up back on our doorstep in worse shape."

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In February, Sister Teresita Hinnegan, a nurse-midwife at the University Hospital, finished a four-month survey of infant care services in Philadelphia's poorest neighborhoods in conjunction with the Maternity Care Coalition of Greater Philadelphia. The survey found what she characterized as "unacceptably high incidences" of infant deaths and low birth weight babies in two of the districts.

Hospitals, she said, have alienated the poor and failed to allocate resources wisely. Instead of complaining about the lack of funds, she said "the people with power" ought to look for more creative and cost-effective ways to use what they have.

"I would not like to see all of the blame put on the (budget) cuts," she said. "Many of the problems were here long before they were made." But she worries about the future if health spending is cut further. "If it's bad now and more services are cut, how many more problems are poor people going to have?"

Children's health programs have also suffered considerably in the transition to block grants. Calvin Bland, executive director of St. Christopher's Hospital for Children, said state rules now bar admitting patients from another state except in emergencies. But for an infant transferring to St. Christopher's neonatal intensive care unit, he said, "by definition, it's an emergency. We don't have the time to make telephone calls."

Sometimes, Bland said, the financial pinch affects a patient's well-being. A 16-year-old leukemia patient from New Jersey, for example, had been sent home after years of treatment at St. Christopher's, his disease in remission. Now facing a recurrence, he cannot be readmitted without undergoing a time-consuming certification process. Such bureaucratic roadblocks can be traumatic for a sick child, Bland said.

He said the cuts accompanying the block grants are forcing hospitals back to "classic hard-bench medicine" for poor patients, while wealthier patients continue to get the best quality care. "We are rolling the clock back," he said.

STATEMENT OF JARRETT M. WISE, PAST PRESIDENT, AMERICAN ACADEMY OF PHYSICIAN ASSISTANTS

Senator WEICKER. Jarrett Wise, past president of the American Academy of Physician Assistants.

Mr. WISE. Thank you, Mr. Chairman.

The American Academy of Physician Assistants is a national professional organization representing physician assistants.

We're very pleased to have this opportunity to meet with you and the committee today to make our recommendations regarding fiscal year 1984 appropriations for PA educational programs.

In the past 3 years, the Federal support for physician assistant education has been reduced almost by 50 percent. We are urgently requesting that the Congress appropriate the full $6 million authorized in the Budget Reconciliation Act of 1981.

As a result of the reductions in Federal support over the past 2 years, the Bureau of Health Professions has been forced to reduce the amounts of individual grant awards.

This year, for example, 41 programs have applied for Federal grant awards, and almost all of these requests will probably be approved. Unfortunately, several of those programs will not be funded because of the level of appropriations.

We're requesting an additional $1.2 million—up to the authorized level in 1981 of $6 million—to be appropriated for these programs.

Let me provide you with some information about the physician assistants, and the need for continued support of their educational programs.

Twenty years ago, the American health care system faced significant problems. There were significant shortages of health care personnel. A lot of this was due to maldistribution of health care personnel and also due to the shortage of qualified health care personnel.

Part of the Federal Government's solution was the development of the physician's assistant and support of physician assistants' programs. Specifically, the Federal Government intended PA's would provide primary health care and assist in solving the serious problem of maldistribution of health care providers.

Today, over 74 percent of physician assistants are practicing in primary health care and 26 percent of all these PA's are practicing in communities with populations of 10,000 or less. Clearly, PA's are fulfilling the role intended for them by the Federal Government.

Despite the projected oversupply of physicians, the Federal Advisory Committee on Graduate Medical Education recommended physician assistant education be maintained at its current level. Without an increase in support of physician assistant education, we expect the numbers of graduates will drop drastically over the next few years.

To demonstrate the impact PA's have had on the health care delivery system, let me provide you with some quick figures. Studies have shown that each PA is responsible for approximately 3,000 adult primary care patient visits annually. In Connecticut, for example, this represents 858,000 annual patient visits.

In the past 15 years, the marketplace has determined the need for PA services. While 50 percent of all practicing PA's are, in fact, in private practice with physician employers, many have found primary care positions in institutionally-based settings such as hospitals, community clinics, nursing homes, public health clinics, and the like.

The success of the physician assistant concept is demonstrated by the changing utilization patterns and demonstrated by the flexibility of the individuals in the professions.

We feel productivity and potential cost benefits of physician assistants are primary factors in their employment in institutional settings. It's been shown PA's can substitute for physicians in 50 to 75 percent of all ambulatory patient visits. Because of the salary differential between PA's and physicians, cost containment is a key to reaching this major objective.

We feel this represents an important opportunity for PA's to stem the rising cost of health care in the United States.

As part of their changing role, PA's are currently filling hospital house staff positions formerly filled by foreign medical graduates. They are used as surgical, medical, and pediatric house staff and providers of emergency medical care and the like.

Properly supervised by physicians, PA's can handle a majority of patient problems seen in an inpatient setting without a decline in the quality of care.

As increasing attention is given to the maintenance of health in the workplace, PA's have begun to find employment in occupational health settings, in industrial settings, factories and the like. PA's in these settings are also involved in exercise testing, treating of work-related traumas, sprains, strains, and what have you.

Therefore, PA's are involved in maintaining the health of the Nation's work force.

Because of the cost-saving advantages, PA's are an attractive form of manpower for nursing homes as well. Salaries are a major component because of the cost effectiveness of these individuals.

We very much appreciate the opportunity to be given a chance to speak with you.

Senator WEICKER. What is a physicians' assistant specifically? Could you briefly describe that for me?

Mr. WISE. A PA is really an individual that was trained in the pool that it was drawn from. It was primarily exmilitary corpsmen back in the 1960's. That has changed. We've seen people who come from a number of different technological occupations who wanted a chance to get closer to the physician, working under the supervision of a physician in any health care setting a physician can work in, actually doing history, a physical examination, initial workups, bringing that data back, and reporting back to the physician carrying out the therapy.

Senator WEICKER. Is this sort of like a paralegal in the legal profession?

Mr. WISE. You could say paramedic. When I first got into the PA profession, I was referred to as a paramedic. I looked at a paramedic as someone who jumped out of an airplane with a parachute on their back—very close.

Senator WEICKER. Thank you very much.

Mr. WISE. Thank you.

[The statement follows:]

STATEMENT OF JARRETT M. WISE

Mr. Chairman and members of the Committee. I am Jarrett M. Wise, past president of the American Academy of Physician Assistants. The Academy is the national professional society for physician assistants and I'm pleased to have this opportunity to summarize our recommendations regarding FY 84 appropriations for PA educational programs.

Gentlemen, in the past three years, federal support for physician assistant education has been reduced by almost 50 percent. We are urgently requesting that Congress appropriate the full $6 million authorized in the Budget Reconciliation Act of 1981.

As a result of the reductions in federal support over the past two years, the Bureau of Health Professions has been forced to reduce the amount of individual grant awards. This year, 41 programs have applied for federal grants. Almost all of these requests will be approved for funding. Unfortunately, several programs whose grant requests are approved will not be funded, because the current appropriation level is too low to meet the need.

We're requesting that an additional $1.2 million -- up to the authorized level of $6 million -- be appropriated for these programs. Let me provide you with some information on the need for continued support for physician assistant educational programs.

Twenty years ago, the American health care delivery system faced signficant problems. There were shortages of health care personnel and those that did exist were poorly distributed. In response to the immediate and projected need for additional providers to meet the increased demand for health care, the federal government made a significant financial investment in medical and allied health education.

Physician assistants were part of the federal solution. Specifically, the federal government intended that PAs would provide primary care health services and assist in solving the serious problem of maldistribution of health care providers. Today, over 74 percent of physician assistants are practicing in primary care specialties and 26 percent of all PAs are practicing in communities with populations of 10,000 or less. Clearly, PAs are fulfilling the role intended for them by the federal government.

Despite the projected oversupply of physicians, federal advisory committees on graduate medical education recommended that physician assistant education be continued at present levels. We cannot achieve this goal without appropriate levels of federal support. Without an increase in support for physician assistant education, the number of graduates will drop dramatically in the next few years.

To demonstrate the impact PAs have had on the health care delivery system, let me provide you with some figures. Studies have shown that each PA is responsible for approximately 3,000 adult primary care patient visits annually. In Connecticut, for example, this represents 858,000 annual patient visits.

In the past 15 years, the marketplace has determined the demand for PA services. While 50 percent of all practicing PAs are in private practice with a physician employer, many have found primary care positions in institutionally-based settings such as hospitals, community clinics, nursing homes, public health clinics, and prison systems. The success of the physician assistant concept is demonstrated by the changing utilization patterns of PAs and by their ability to adapt to a wide variety of clinical settings.

The productivity and potential cost benefits of physician assistants are primary factors in their employment in institutional settings. It has been shown that PAs can substitute for physicians in 50 to 75 percent of all ambulatory patient visits. Because of the salary differential between PAs and physicians, physician assistants offer measurable advantages in hospitals, where cost containment is a major objective. This represents an important opportunity for PAs to stem the rising tide of health care costs in settings where these increases are most dramatic.

As part of their changing role, PAs are currently filling hospital housestaff positions formerly filled by foreign medical graduates or alien physicians. Today, PAs are used as surgical, medical and pediatric housestaff, and as providers of emergency medical care in emergency rooms nationwide. Properly supervised by physicians, PAs can handle a majority of patient problems seen in an in-patient setting without a decline in the quality of care.

As increasing attention is given to the maintenance of health in the workplace, PAs have also begun to find employment in occupational health clinics. PAs in these settings are also involved in exercise stress testing, annual employee physical exams, health education and treatment of work-related trauma such as sprains, strains, and extremity injuries. Therefore, PAs are involved in maintaining the health of the nation's workforce and consequently helping to maintain the nation's productivity.

Because of the cost-savings advantages, PAs are an attractive form of manpower for nursing homes. Salaries are a major component of nursing home expenditures. The capacity of PAs to provide a wide range of services at a much lower cost than physicians is an important consideration for these health care institutions. As the nation's population ages, the need for PA services in these settings will increase as well.

Because of marketplace determinants, PA utilization patterns are shifting toward roles in specialty and subspecialty practice. This is seen mainly in institutional settings. Although the majority of PAs remain employed in family practice, there does appear to be a shift away from primary care. However, the changing utilization pattern of PAs has occurred not because of an anticipated glut of physicians, but because of the adaptability of physician assistants, as well as the potential they offer for cost-savings.

In the mid-1960s, the largest single issue facing the American health care system was accessibility. Today, the most important problem facing health care in this country is rising cost. Physician assistants can provide solutions to both of these problems.

Table I

Alabama	471,000
Alaska	369,000
Arizona	561,000
Arkansas	126,000
California	5,631,000
Colorado	894,000
Connecticut	858,000
District of Columbia	297,000
Delaware	69,000
Florida	1,689,000
Georgia	1,458,000
Hawaii	135,000
Idaho	147,000
Illinois	555,000
Indiana	390,000
Iowa	654,000
Kansas	573,000
Kentucky	555,000
Louisiana	270,000
Maine	411,000
Maryland	1,647,000
Massachusetts	1,023,000
Michigan	1,587,000
Minnesota	360,000
Mississippi	93,000
Missouri	423,000
Montana	111,000
Nebraska	435,000
Nevada	195,000
New Hampshire	201,000
New Jersey	567,000
New Mexico	609,000
New York	5,802,000
North Carolina	2,118,000
North Dakota	333,000
Ohio	1,851,000
Oklahoma	936,000
Oregon	324,000
Pennsylvania	2,457,000
Rhode Island	117,000
South Carolina	594,000
South Dakota	300,000
Tennessee	534,000
Texas	2,619,000
Utah	264,000
Vermont	129,000
Virginia	768,000
Washington	1,170,000
West Virginia	525,000
Wisconsin	903,000
Wyoming	153,000

Studies have shown that physician assistants are responsible for 3,000 adult primary care patient visits annually. This table details the estimated number of patient visits handled by PAs per state. The totals were calculated using the American Academy of Physician Assistants data base.

The Graduate Medical Education National Advisory Committee states that by the year 1990, physician assistants will be responsible for providing 130 million patient visits annually. Clearly, physician assistants have become an important component in the nation's health care delivery system.

STATEMENT OF ANTHONY CATANZARO, MEMBER, EXECUTIVE COMMITTEE, COOLEY'S ANEMIA FOUNDATION, INC.

Senator WEICKER. Anthony Catanzaro, member of executive committee, Cooley's Anemia Foundation, Inc.

Mr. CATANZARO. Thank you very much.

We would like to thank you, Senator Weicker for permitting us to testify for the sixth year in a row regarding appropriations for research and care of Cooley's anemia.

Cooley's Anemia Foundation is made up primarily of parents of children that suffer with the disease. I was a parent of one of these children that suffered with the disease. This is a genetic disease which mostly affects children of Mediterranean ancestry, and the lifespan generally doesn't exceed the second decade.

I thought I would preface my remarks for the benefit of the chairman. As you are undoubtedly aware, astonishing gains in research and care regarding this disease have been made in these last several years very largely because of the support that you and your colleagues have given to such programs.

All of the volunteers who serve at Cooley's Anemia Foundation are deeply grateful to you and respectfully request that you continue the ongoing support. We will provide at the hearing four documents, which are the reports on research programs, moving forward rapidly in the National Heart, Lung, and Blood Institute and the National Institute of Arthritis, Diabetes, and Digestive and Kidney Diseases and the care programs which were established under the 15-percent setaside in the maternal and child health care program for the New England Region and for New York State.

We have indicated recommendations on the front page fact sheet that accompanies this testimony, and they are as follows:

One, that bill report language call for a comprehensive study of the needs of Cooley's anemia patients, now that many of the them are living longer—such as education, training for work, et cetera—and a comprehensive survey of Federal and federally supported State programs which now exist which could serve these needs;

Two, that funding levels for the maternal and child health program be sufficient to fund Cooley's anemia programs now underway—part of the 15-percent setaside. furnished as a program of "regional and national significance" in New York State and New England;

Three, that the National Heart, Lung, and Blood Institute be funded at $713 million for fiscal year 1984;

Four, that the National Institute of Arthritis, Diabetes, and Digestive and Kidney Diseases be funded at a level of $475 million for fiscal year 1984; and

Five, that the two above-named Institutes be urged to continue their support of the rapidly evolving areas of research on Cooley's anemia.

There is a new issue which we would like to bring to your attention which results from the success in medical care programs you have supported over the past years. Now our foundation is beginning to see a number of patients, young patients, surviving beyond their first decade of life and entering their second and third and, in some cases, even their fourth decade of life. This longer lifespan has created a new set of opportunities and difficulties for our young patients.

There is a matter of: (1) education—limitations on time spent in earlier school years are now beginning to prove serious handicaps to our children as the young people attend high school in larger numbers and, in some cases, colleges. Remedial education programs must now be undertaken; (2) work—here we find a number of difficulties to employment, including the educational problems noted above, which give, in many cases, inadequate education and training for our young patients to obtain and hold jobs as other youngsters their age might otherwise do. Employers hesitate to employ those with Cooley's anemia, fearing unemployment and insurance costs will go higher; and (3) relationships with members of the opposite sex provide some difficulties as these youngsters enter their teenage years and look forward to the potential of marriage. There are, of course, many other problems too numerous to detail here.

We are sure, however, that other young patients with other diseases have faced the same opportunities and difficulties as a result of improved care.

We are also sure that there are many Federal and State programs, especially those State programs subsidized by Federal funds, which deal with such opportunties and problems.

We urge, therefore, that this committee, in appropriate bill report language, request that the Secretary of the Health and Human Services and the Secretary of Education develop a survey of all the Federal and State programs which may in some way impact upon those problems described above and all of those other problems that such young patients might have.

We, at the foundation, have considered the possibility of our doing such a survey ourselves, but we believe that it would be an unjustified use of funds as surely mechanisms must already be in place within the two Federal departments noted above to provide such a survey quickly and at little cost.

We, therefore, respectfully suggest the following bill report language.

Senator WEICKER. I think maybe if you could we would take that language verbatim, only because of the time constraints.

Mr. CATANZARO. That includes my testimony.

Senator WEICKER. I also want to have time for this questioning here.

Aside from the report language, is there any specific area of funding that you touch upon?

Mr. CATANZARO. Both the institutes have their own criteria for funding Cooley's anemia projects.

Senator WEICKER. How many children are afflicted by the Cooley's anemia?

Mr. CATANZARO. Several thousand, to the best of my knowledge, in the United States. That's with the disease itself, Senator. But many, many—I would say in the millions—have the trait.

Senator WEICKER. And the life expectancy of a youngster with Cooley's?

Mr. CATANZARO. Twenty years. In some cases, it exceeds that age. We have been fortunate, because of the treatment, in getting the kids to live longer.

Senator WEICKER. All right. We will certainly take your statement and report language.

Do you have relatives--we have a lot of Catanzaros in the Greenwich-Stamford area?

Mr. CATANZARO. None at all, Senator. I hear that all the time.

Senator WEICKER. That's true.

Where do you come from?

Mr. CATANZARO. From Clifton, N.J.

Senator WEICKER. Come up to Connecticut, we'd love to have you.

Thank you very much, Mr. Catanzaro.

Mr. CATANZARO. Thank you.

[The statement follows:]

STATEMENT OF ANTHONY CATANZARO

Thank you for permitting us to testify for this sixth year in a row regarding appropriations for research and care in Cooley's Anemia.

As you are undoubtedly aware, astonishing gains in research and care regarding this disease have been made in these last several years, very largely because of the support that you and your colleagues have given to such programs.

All of the volunteers who serve as the Cooley's Anemia Foundation are deeply grateful to you, and we respectfully request that you continue the on-going support.

We will provide at the hearing, four documents which are the reports on research programs moving forward rapidly in the National Heart, Lung and Blood Institute, and the National Institute on Arthritis, Diabetes, and Digestive and Kidney Diseases, and the care programs which were established under the 15% set-aside in the Maternal and Child Health Care program for the New England Region and for New York State.

We have indicated recommendations on the front page fact sheet that accompanies this testimony, and they are:

1. That bill report language call for a comprehensive study of the needs of Cooley's Anemia patients, now that many of them are living longer (such as education, training for work, etc.) and a comprehensive survey of Federal and federally-supported state programs which now exist which could serve these needs;
2. That funding levels for the Maternal and Child Health program be sufficient to fund Cooley's Anemia programs now under way (part of the 15% "set-aside," furnished as a program of "regional and national significance") in New York State and New England;
3. That the National Heart, Lung and Blood Institute be funded at $713 million for FY 1984;
4. That the National Institute of Arthritis, Diabetes and Digestive and Kidney Diseases be funded at a level of $475 million for FY 1984; and
5. That the two above-named Institute be urged to continue their support of the rapidly evolving areas of research on Cooley's Anemia.

In order to keep our testimony short and to the point, we request that this full testimony be inserted in the record, and we will just make a few verbal comments.

First, the advances in research in this last year have been truly remarkable. We have informed the committee members by letter several times during the year of rapid advances being made in several areas. We will comment on those shortly here.

5-Azacytidine Therapy - We have indicated in the report on the NHLBI matters that NHLBI researchers have reported that developmentally repressed genes, such as the gene for fetal hemoglobin, can be stimulated to express their gene product upon hypomethylation of the surrounding DNA. 5-azacytidine is a drug capable of inhibiting DNA methylation. After successfully demonstrating that 5-azacytidine is capable of stimulating fetal hemoglobin synthesis in baboons, investigators administered the drug to three patients with Cooley's Anemia. The results were striking. Fetal hemoglobin synthesis increased about seven-fold. The hemoglobin concentration increased from 8.0 grams prior to treatment to 10.8 grams after treatment. Although the data are encouraging, 5-azacytidine is a very toxic drug and it, therefore, cannot be considered a new treatment for Cooley's Anemia at the present time.

We would like to report that Dr. Arthur Nienhuis, of the Intramural Program of the NHLBI, spoke to a very large gathering of our volunteers and leadership several weeks ago and indicated the possible future opportunities in this field. Needless to say, we are extremely excited by this work, while recognizing that it now cannot be considered a specific new treatment and is in the experimental stage.

You will be able to see from the NHLBI-reported research that movement is going forward regarding iron chelation and also neocyte preparation.

In summarizing the NHLBI research, I would like to quote from the last page of the report regarding their work:

"The study of patients with Cooley's Anemia has led, in recent years, to the accumulation of vast body of knowledge on the molecular biology of normal and abnormal globin gene expression. The use of 5-azacytidine in patients with Cooley's Anemia is the first successful attempt at controlling the function of human genes. This, and other major advances in molecular biology are being brought to bear in studies of several common disorders of gene function, including cancer, diabetes, and sickle cell anemia. The approaches to treatment of Cooley's Anemia with blood transfusion and iron chelation therapy, and future considerations for gene replacement and bone marrow transplantation, will all contribute to understanding and treating more common and better known diseases."

Second, please find attached, the NIADDK research areas directed toward Cooley's Anemia. The NHLBI and the NIADDK work together very well, though they have different areas of research laid out for them. We would like to stress that the NIADDK leadership has been extraordinarily helpful over the past years, and we have nothing but the highest praise for them.

We expect that the research on Cooley's Anemia in both these institutes will be burgeoning in the next few years, because of research implications for other areas of hematology. We do know that there is a study due to be undertaken shortly dealing with the organization of the National Institutes of Health. We urge that when blood (hematology) research is considered, that the study recognize that it is perfectly appropriate to have hematological research being done in more than one institute.

New England and New York Cooley's Anemia Programs - Under the 15% set-aside of the Maternal and Child Health Care program for the past several years, the Cooley's Anemia patients have been studied and worked with in both New England and New York State. The past two years have seen bill report language in your committee bill report urging that these programs be continued, if funding were available. We deeply appreciate that, and that has given many of our patients and their families great encouragement. We urge that in this bill report upcoming, that you express your interest in this program as well.

There is a new issue which we would like to bring to your attention, which results from the success and medical care programs you have supported over the past years. Now our Foundation is beginning to see a number of young patients surviving beyond their first decade of life, and entering their second, third and in some cases, their fourth decade of life. This longer life span has created a new set of opportunities and difficulties for our young patients. There is the matter of: (1) education - Limitations on time spent in earlier school years are now beginning to prove serious handicaps to our children, as the young people attend high school in larger numbers, and in some cases college. Remedial education programs must now be undertaken; (2) work - Here we find a number of difficulties to employment, including the educational problems noted above, which give in many cases inadequate education and training for our young patients to obtain and hold jobs as other youngsters their age might otherwise do; employers hesitate to employ those with Cooley's Anemia, fearing unemployment and insurance costs will go higher; and (3) relationships with members of the opposite sex provide some difficulties, as these youngsters enter their teen-age years and look forward to the potential of marriage. There are, of course, many other problems too numerous to detail here.

We are sure, however, that other young patients with other diseases have faced the same opportunities and difficulties, as a result of improved care.

We are also sure that there are many federal and state programs (especially those state programs subsidized by federal funds) which deal with such opportunities and problems. We urge, therefore, that this committee, in appropriate bill report language, request that the Secretary of the Department of Health and Human Services, and the Secretary of the Department of Education develop a survey of all the federal and state programs which may in some way impact upon those problems described above, and all those other problems that such young patients might have.

We at the Foundation have considered the possibility of our doing such a survey ourselves, but believe that it would be an unjustified use of funds, as surely mechanisms must already be in place within the two federal departments noted above, to provide such a survey quickly and at little cost. We, therefore, respectfully suggest the following bill report language:

> The committee has learned that because of increasingly improved care resulting largely from biomedical and clinical research and care programs, Cooley's Anemia patients are living, in relatively good health, into their second, third, and fourth decades of life. Thus opportunities and difficulties are occurring, including those in education, unemployment, and social relationships. The committee requests that the Secretary of the Department of Health and Human Services, and the Secretary of the Department of Education develop, in consultation with the Cooley's Anemia Foundation, including lay and medical leaders, a comprehensive survey of the newly emerging needs of such patients, and a comprehensive survey of federal and state programs (which are federally-assisted) which would assist such patients and their families in the above-noted areas, as well as all others affecting such patients, in which the federal and state programs are involved.

Mr. Chairman, we cannot thank you deeply enough for all that you have done over the last six years for Cooley's Anemia programs. We are greatly in your debt.

I would be pleased to answer any questions that you may have.

STATEMENT OF LEON W. HOYER, M.D., PROFESSOR OF MEDICINE, CONNECTICUT HEALTH CENTER, AND CHAIRMAN, MEDICAL AND SCIENTIFIC ADVISORY COUNCIL, THE NATIONAL HEMOPHILIA FOUNDATION

Senator WEICKER. Dr. Leon Hoyer, professor of medicine, Connecticut Health Center; chairman, medical and scientific advisory council, the National Hemophilia Foundation.

Dr. HOYER. I'm speaking today as chairman of the medical and scientific advisory council of the National Hemophilia Foundation.

Hemophilia is the commonest hereditary disease and disorder. It's a disease that causes disability and early death, which has major effects on blood programs.

As this committee has heard in previous years, there has been a revolution in the treatment of hemophilia over the last decade. These advances have been due to the development of clotting factor concentrates and widespread application through the 82 centers supported by the Federal comprehensive hemophilia diagnosis and treatment programs.

My written statement documents the progress made through these programs. It emphasizes the improvement in the quality of life for hemophilia patients, which has been accompanied by significant economic savings.

It's estimated the yearly cost of hemophilia care for 9,000 program patients was reduced by over $90 million between 1975 and 1981. This was helped by a program that was funded at less than $3.5 million per year.

There's no mystery as to how the savings were achieved. Comprehensive care prevents hemophilia complications requiring hospitalization and permits home therapy so the patients can treat themselves and avoid emergency room or hospital visits.

At the present time, comprehensive care through the Federal centers is available to nearly half of the hemophiliacs in this country. We urge that the other 9,000 patients be so helped as well.

A new challenge has made the comprehensive care programs even more essential. The apparent transmission of acquired immune deficiency syndrome, AIDS, through clotting factor concentrates has had a profound effect on hemophiliacs and their families throughout the country. Thirteen hemophiliacs have contracted this disease and eight have died. As a result, the clotting factor concentrates, the source of newly found freedom from pain and disability, have suddenly become a mixed blessing.

As obligatory recipients of blood products that have the potential for AIDS transmission, hemophiliacs have a special interest in efforts to understand and control this disease. The Hemophilia Foundation considers research in this area to be a matter of highest priority.

The two issues I have addressed can be translated to the following appropriation requests:

First, we request that you appropriate, as a line item, $4.6 million for fiscal year 1984 to support the hemophilia comprehensive treatment center program. While this is a $2 million increase over the current funding level, it's essential that all hemophilia patients have access to the comprehensive programs and regional treatment centers.

We also request that you retain the 15-percent level of setaside within maternal and child health appropriations. The hemophilia treatment health program is clearly a special program of regional and national significance.

Second, research support is essential. We are vitally concerned about the adequate funding for basic medical research of the National Institutes of Health and join 119 other organizations in recommending that $487 million be added to the fiscal year 1983 NIH funding level.

Within the programs of the NIH, AIDS-related research must receive sufficient support so that a multifaceted effort will lead to understanding and control.

In conclusion, I simply want to emphasize to you that the needs for comprehensive care and adequate funding in basic research were never more apparent.

Thank you.

Senator WEICKER. Dr. Hoyer, one question. How many hemophiliacs are in this country?

Dr. HOYER. Approximately 18,000 patients.

Senator WEICKER. Eighteen thousand patients.

Dr. HOYER. That has a tremendous effect in terms of hospitalization costs, because they can require hospitalization. Also, it has a tremendous effect on blood resources, because this is a driving force in terms of blood collection.

Senator WEICKER. Thank you very much for your testimony.

Senator INOUYE. May I ask one question. What is the effect of AIDS on the hemophiliacs?

Dr. HOYER. It's a tremendous problem, because the hemophiliac, to avoid disability and hospitalization, requires replacement of the clotting factor that he is missing. This is a blood product, and it has become apparent in recent months that this blood product can contain the infectious agent that transmits AIDS.

We are aware of 13 individuals with hemophilia who have been treated with these concentrates who have developed the AIDS syndrome. Eight of these patients have died.

Senator INOUYE. Thank you very much.

Senator WEICKER. Dr. Hoyer, thank you very much.

[The statement follows:]

STATEMENT OF LEON W. HOYER, M.D.

I am Dr. Leon W. Hoyer. I am Professor of Medicine at the University of Connecticut Health Center, and I am speaking to you today as a representative of the National Hemophilia Foundation as Chairman of their Medical and Scientific Advisory Council.

The Foundation is most grateful for the support that the Federal government has provided over the years for much needed hemophilia research and care. As you are aware, this support has hastened and facilitated a revolution in hemophilia treatment over the last ten years. Plasma clotting factor concentrates have become widely available and home infusion therapy has freed these patients from hospital care and emergency room visits. There is no better example of the rapid translation of scientific advances into patient care. The Federal and State support of comprehensive care centers throughout the country has provided an essential mechanism for the dissemination of these scientific advances.

A brief review of previous support for comprehensive hemophilia treatment and for hemophilia research will illustrate the progress that has been made.

COMPREHENSIVE CENTERS

In 1975, Congress established the comprehensive hemophilia diagnosis and treatment center program, providing direct Federal funding to support the development of 22 comprehensive hemophilia centers and 60 affiliates (Section 1131 of P.L. 94-63). Under the leadership of Dr. Merle McPherson of the Office of Maternal and Child Health, the network of centers has expanded and it now provides a strong regional structure. Over 9500 hemophiliacs (nearly 50% of the total hemophilia population) are now served by these centers. They provide multidisciplinary diagnostic and treatment services including psychosocial, financial and vocational counselling, as well as medical, dental and orthopedic care.

The impact of these programs has been dramatic:

- The number of patients seen at both primary treatment and affiliate center sites increased more than 225%;

- The number of patients in these regions receiving comprehensive care and the number on home care has nearly quadrupled;

- This has led to substantial reduction in need for hospitalization so that the average number of hospital days per year per patient has been reduced by 80%; from 9.4 to 1.8;

- Moreover, there has been a 75% reduction in the number of days lost from work or school each year.

- And, in these difficult times, the percent of unemployed adults dropped from 36% to 12.8% overall - and is as low as 4.5% in some regions, including that which includes the New England States.

These important human benefits have been accomplished by a program that has also led to significant economic savings. Careful studies have documented a 62% reduction in total health costs per patient ($15,800 per year in 1975; $5,932 per year in 1981) for the 9,500 hemophiliacs enrolled in the federally subsidized comprehensive care centers (Maternal and Child Health, Technical Information Series, November, 1982, page 4). This represents an annual savings of $93.7 million-- a savings that was achieved by a program that cost the federal government $2.6 million during FY 83. The $2.6 million federal support amounts to $274 per year per enrolled patient and there is an associated $9,868 saving each year that is due to this support. There is no mystery as to how these savings are achieved - comprehensive care prevents complications of hemophilia that require costly hospitalizations. In addition, comprehensive care prepares patients for home therapy so that patients do not need 25-40 hospital visits each year for bleeding episodes. Federal support has made comprehensive care possible for approximately half of the hemophiliacs in this country; I urge you to consider the additional savings that may be realized if increased funding permits comprehensive care programs for the thousands of hemophiliacs not currently enrolled.

Thus: Congress' investment in comprehensive care programs which promote home infusion therapy has paid off by reducing disability, unemployment and the cost of medical care for hemophilic patients.

THE FUTURE OF HEMOPHILIA TREATMENT CENTERS

Two years ago, hemophilia treatment center funding was included in the Maternal and Child Health block grant as part of a special 15% set-aside of appropriated funds. At that time, Federal support of the treatment centers was $3.3 million. During the present fiscal year, the funding level is $2.6 million, a 21% decrease. Even though a major effort is being made to do more with less through regionalization, there are still many parts of the country that are not covered by the Federal treatment center network. There are, in fact, 25 states that are not entirely covered by Federally-supported programs.

In many instances, efforts are also being made at the State level to obtain support for hemophilia programs, either directly or through State crippled children's services programs. Unfortunately, there has been a recent disturbing trend that has placed many of the State funded hemophilia programs in serious jeopardy. At this difficult time, it is not realistic to expect new and/or expanded State funding of these programs.

AIDS: A NEW PROBLEM THAT MAKES THE COMPREHENSIVE TREATMENT CENTERS EVEN MORE ESSENTIAL

No doubt you are aware of the serious, newly recognized disease, Acquired Immune Deficiency Syndrome (AIDS). Over 1200 cases of AIDS have been confirmed by the Centers for Disease Control (CDC) since June of 1981, and the number of cases has doubled about every six months.

Nearly 40% of those who have contracted AIDS have died, and CDC officials estimate the mortality rate will probably be double that -over 80% - since there is no effective therapy and patients contract one serious infectious disease after another. Since July of 1982, 12 hemophiliacs (both children and adults) have developed AIDS and 9 have died.

The recognition that AIDS appears to be transmitted through clotting factor concentrates has had a profound effect on hemophiliacs and their families throughout the country. The source of their newly-found freedom from pain and disability changed overnight to a possible threat to their very survival. The progress of two decades suddenly became a "mixed blessing". This crisis has created a need for comprehensive care that is greater than ever before. An informal sampling has revealed a 25% to 35% increase in patient encounters at many comprehensive care centers and this is specifically due to concern about AIDS. Physicians and nurses are seeing patients much more frequently and the need for psychosocial intervention has greatly increased. No longer are flu symptoms or fever passed off as trivial problems. The specter of AIDS, a fatal disease that has been diagnosed in one of every 1000 hemophiliacs, has had a profound impact on every hemophiliac and his family. It is obvious that comprehensive care is now even more essential for the entire hemophilia community.

AIDS: WHAT MUST BE DONE

Despite the growing incidence of AIDS, its cause is not known and there are no accepted approaches to its control. As an obligatory recipient of blood products that have the potential for AIDS transmission, the hemophiliac has a special interest in efforts to understand and control AIDS. The National Hemophilia Foundation considers research in this area to be a matter of highest priority and we urge you to give this problem your most serious consideration. AIDS is now being reported in increasing frequency across the country, and the wide-spread public health implications of this disease are becoming more apparent each day.

APPROPRIATIONS REQUEST

The issues that I have addressed can be translated into the following requests for appropriations:

1. FY84 Appropriations for Treatment Centers

We urge you to appropriate --as a line item-- $4.6 million for FY84 to support the Hemophilia Treatment Center Program. While this is a $2 million increase over the current funding level, it is essential if we are to adequately address the needs of patients not now within the comprehensive care programs of regional treatment centers. Comprehensive care is needed and it is working well within the efficiently structured regionalized framework established by the Office of Maternal and Child Health. The demands on these centers have increased with the AIDS concern and we must respond to this real medical threat. The response requires funding support.

2. Set-Aside

We request that you retain the 15% level for a set-aside within the Maternal and Child Health appropriations. The set-aside was established for a very good reason -- it is more efficient to distribute resources for certain disorders on a regional and national basis rather than through block grants to states. The hemophilic treatment center program is clearly a special program of regional and national significance and is a model for other chronic diseases.

3. Maternal and Child Health Funding

We urge you fund MCH at the full authorization level. This funding is an investment in the future of our country.

4. Research

The success of comprehensive care and home infusion therapy might suggest that the "hemophilia problem" has been solved. Nothing could be further from the truth. When CDC announced in July of 1982 that 3 hemophiliacs had contracted AIDS, it was again realized that as long as hemophiliacs depend upon a factor derived from human blood plasma, they will be vulnerable to anything that may contaminate blood products. In addition, clotting factor resistance develops in over 10% of hemophilic patients and these antibodies seriously compromise subsequent care. For these reasons, we are vitally concerned that there be adequate funding for basic biomedical research supported by the National Institute of Health, and especially the blood diseases and resources research program of the National Heart, Lung and Blood Institute.

At the present time, there is also a special and urgent need to fund AIDS-related research. The National Institutes of Health, including the National Cancer Institute, The National Institute of Allergy and Infectious Diseases, and The National Heart, Lung and Blood Institute must receive sufficient funding to support a multifaceted research effort that will lead to understanding and control of this disease.

Additionally, the Centers for Disease Control need increased funding so that they can expand their laboratory investigations and epidemiologic studies. We are following very closely the CDC efforts to identify laboratory tests that may be able to detect individuals at high risk of AIDS transmission. This investigation -- as part of a broad approach to the AIDS problem -- needs full support if we are to reduce the potential risk of AIDS transmission through blood products.

SUMMARY

I am sure that you have noticed that the National Hemophilia Foundation testimony today is much different than that you have received in recent years. Optimistic and uncomplicated previous reports had made each summary seem a bit more confident than the last. Part of the change is the recognition that only half of the goal of comprehensive care has been obtained at a time when Federal commitments are becoming more difficult to maintain. Even more important, however, is the recognition that something new threatens the gains that have been obtained through joint efforts over the past decade. AIDS is a cloud over the hemophilia community. We need your help to respond to this new and potentially devastating problem.

Thank you.

STATEMENT OF DR. R. HOPKINS HOLMBERG, CHAIRMAN, BOARD OF DIRECTORS, ASSOCIATION OF UNIVERSITY PROGRAMS IN HEALTH ADMINISTRATION

Senator WEICKER. The next witness will be Dr. R. Hopkins Holmberg, chairman of the board of directors of the Association of University Programs in Health Administration.

I will now turn the chair over to Senator Inouye of Hawaii.

Dr. HOLMBERG. I am Hopkins Holmberg, chairman of the board of directors of the Association of University Programs in Health Administration.

I am here to speak in support of two narrow lines in the appropriations budget, one providing grants to programs in health administration, and the other providing health administration traineeships. I have previously submitted written testimony, and I hope that it can be entered into the record.

Senator INOUYE [presiding]. Without objection, that will be made a part of the record.

Mr. HOLMBERG. What I would like to do is illustrate the impact of these grants by briefly discussing one program that is ours at Boston University. The current programs provide under $500,000 a year for health administration traineeships which in our case means $34,000 a year, and provide $1.5 million or slightly under that for grants to the graduate programs, which in our case provides $60,000 a year in grants. We are the only program in New England to get a grant, and likewise there are regional programs around the country getting these small doses of cash. The $60,000 is a small part of what Boston University spends. We spend more than $1 million a year on health management education, but it is the most important part of our budget. The remainder is tuition-derived and must be used to support the basic instructional activities.

With the Federal capital we get, we are able to do two things: improve and make our programs relevant to the contemporary scene; second, to develop new and relevant services that we find necessary in order to improve the management capability of the health industry.

Let me illustrate with some examples. First, we have developed in the last few years, using the Federal capital made possible by this program, a relevant new specialization in health financial management, which has been aimed at providing the health industry with sorely needed competent financial managers. This could not have happened without the Federal capital.

Likewise, we have used Federal capital in order to develop a new nondegree middle-manager targeted management development program for health care which spreads over a semester, uses 12 days of instruction, has served New England very well, and has moved from one offering a year toward five next year. Again, Federal capital provides development and sustains itself after that.

We have always viewed management as being primarily the exercise of maturity that has guided us in the targeting of our programs, so that we offer the degree program on a full-time basis and part-time evening basis. That did not give us the geographic outreach we needed, and we began this past fall offering that same degree program in a weekend format, meaning Friday and Saturday with the next weekend off, which allows serving a geographic distance.

This, again, was made possible using Federal capital, so we now have students from a number of portions of the districts of New Hampshire employed in the health industry, a student from Oneonta, N.Y., who lives closer to Toronto than he does Boston; from Connecticut, and all along the southern coast of New England. Federal capital made it possible both to develop this and have an operating subsidy.

This slim bit of funding has made a difference in our ability to adapt. What we would ask is that these two programs be continued at the fiscal year 1982 level of funding, before the 4-percent reduction was applied last year, which means graduate programs for administration grants, $1.5 million; traineeships for health administration at $500,000.

Senator INOUYE. What would happen if the Appropriations Committee failed to provide these sums?

Mr. HOLMBERG. I think we would just lose all our capacity to adapt and develop relevant new educational services to try to improve management and help the administration.

Senator INOUYE. So all the programs now being carried out would be discontinued?

Mr. HOLMBERG. Some of them. The weekend, for instance, requires in its first 3 years a subsidy. It would have to be discontinued. Our ability to bring up a number of other relevant services which can improve management of health industry would be undermined, and we would essentially stay status quo. We can use student tuition in these days of very expensive, higher education, to pay the bill for services to students there, but for the adaptation to the needs of the Federal Management Health Administration, we need Federal help, as well.

Senator INOUYE. What effect would your program have in reducing the cost of health delivery services?

Mr. HOLMBERG. Hopefully, we have lots of impact in that. First of all, I think health institutions have been badly managed, financially. That is what led us to develop the specialization in health financial management, to develop more relevant talent aimed at that.

More generally, the issue of running health services using primarily clinician supervisors who are not tuned into issues of productivity has been a problem. I think the product we are putting in the market for managers are relevant to that, and they do make a difference.

Senator INOUYE. Thank you very much, sir.

Mr. HOLMBERG. Thank you.

[The statement follows:]

STATEMENT OF DR. R. HOPKINS HOLMBERG

Mr. Chairman and Members of the Subcommittee, my name is R. Hopkins Holmberg and I am the Chairman of the Board of Directors of the Association of University Programs in Health Administration (AUPHA). Our Association is an international consortium of faculty from 160 colleges and universities. Our single purpose for joining together is to improve health services delivery through education for administration.

Mr. Chairman, this Nation has built quite an impressive health record. Life expectancy has been increased significantly over what it was at the start of this century, infant mortality rates have been reduced dramatically, and many communicable diseases have been all but eliminated. Of course, this is not news to you because, in fact, this Subcommittee has played an integral part in the progress we have made.

Each success has enabled us to better focus our efforts on new challenges and remaining needs. We believe that one such need is for qualified leadership in the health services field. Our Association regards a sound cadre of managers as being fundamental to the effective delivery of medical care. Even before block grants were enacted, health administration was recognized as being a crucial factor in the operation of health delivery systems of all types. We have long recognized the need for competent managers to run home health agencies, community health centers, HMO's, and other organizations which emphasize prevention, primary care, and low-cost alternatives. We can talk about cost containment all we want, Mr. Chairman, but without competent administrators we are fooling ourselves if we believe the issue can be legislated away. We can mount all sorts of efforts to ferret out fraud and abuse, but we cannot ignore the fact that improved management training is central to the effort.

Furthermore, Mr. Chairman, I submit that with the shift to block grants the importance of having qualified health administrators has grown substantially. Some would have us believe otherwise, but the fact remains that while we may shift operational responsibility to others, we are, after all, still dealing with public funds. It would be ludicrous to believe that the need for sound management has diminished simply because the financing mechanism has changed. On the contrary, the need is greater now than ever before. With the advent of a prospective reimbursement plan under Medicare, health administrators will have to shoulder even more complex demands.

In other words, the federal government must continue to regard our health system as a national priority -- not as simply a state or local matter. Federal efforts to assist by improving management capabilities not only support this priority, but also help ensure the best use of the taxpayers' dollar.

Health services administrators are essential to good management. And it takes good management to make the best use of scarce resources. On a daily basis, administrators must grapple with the problems of nursing shortages, physician availability, and practitioner competence. An effective administrator deals with those problems by utilizing his or her resources in the most efficient manner, while making sure that quality control systems function properly. Effective administrators also see to it that their facility responds to the needs of the community.

Mr. Chairman, the sad fact is that management competence in health services is grossly uneven. What is more, the problem is growing. Part of the problem can be traced directly to the fact that only about one-third of the current workforce in health administration have received appropriate education and training. (According to the U.S. Department of Labor, health administration is the health career with the largest unmet need.) The fact that there are not enough appropriately trained administrators produces a ripple effect throughout the entire health delivery system:

- Health professionals cannot be fully productive because the settings in which they practice are not properly managed;

- Cost containment efforts are less effective because of the inability of managers to establish and monitor quality control systems;

- Geographic maldistribution remains a problem so long as many rural and inner city facilities are poorly managed.

Simply put, adequate support for health administration is not only good health policy, it is also good economic policy.

I would like to add, Mr. Chairman, that the shortage I mentioned is much greater in rural areas. About 25 percent of the country's acute care hospitals are relatively small facilities located in these areas. According to the Census Bureau, rural areas contain about one-third of the U.S. population -- and close to one-half of the country's poor. By all accounts, rural areas are in serious need of qualified administrators.

Recommendation

The President's budget proposes to eliminate support for two activities that are critical to meeting the need for adequately trained administrators. Those activities -- graduate programs in health administration and health administration traineeships -- are currently operated out of the Health Resources and Services Administration.

The Administration has not produced any evidence to indicate that we have met the serious, across-the-board need for qualified health administrators. In short, Mr. Chairman, we believe the President was misguided on this issue. The programs in question are relatively small but they are extremely cost-effective. Over the short run, each federal dollar generates an average of three matching dollars from the participating institutions. Over the long run, as I have indicated, the programs are critical to the operation of a sound, efficient health care system.

Our Association is not seeking to bust the budget, Mr. Chairman. We recognize the constraints you face. We simply ask that the two programs be continued at the FY 1982 level of funding, before the four percent reduction was applied:

	Recommendation
Graduate programs in health administration.....	$1,500,000
Health administration traineeships.............	500,000

Thank you Mr. Chairman.

STATEMENT OF JANICE ROBINSON, EXECUTIVE DIRECTOR, NATIONAL ASSOCIATION OF COMMUNITY HEALTH CENTERS, INC.

Senator INOUYE. Our next witness is the executive director of the National Association of Community Health Centers, Inc., Ms. Janice Robinson.

Ms. ROBINSON. Good morning, sir.

Senator INOUYE. Good morning, Ms. Robinson. We have received your full text, and without objection your statement will be made part of the record.

Ms. ROBINSON. Thank you.

I represent an organization whose membership extends to 800 community-based programs in migrant and urban communities serving rural farm workers and migrant farm workers in isolated camps. I really do appreciate this opportunity to discuss with you the problems that face these health centers currently.

These centers have been supported through primary care program authorities that have proven to be effective and efficient as providers of quality care to more than 6 million people, most of whom have no other available source of care. They include medically and often economically indigent persons who lack public and private coverage, and include large numbers of currently unemployed as well as medicare and medicaid recipients refused care by other private providers, often because of low payment rates or discriminatory practices.

In many rural communities, these centers are the only available health care providers for miles. Despite these difficulties and the generally poor health of their patients, primary care centers have been effective health care providers, according to findings in an overwhelming majority of independent studies of the past decade. The Federal support, both in grant funding and placement of health professionals through the National Service Corps that health centers receive is used solely to subsidize cost of care to indigents, uninsured persons to cover the cost of nonreimbursed services such as prevention and health education, and establish the capacity for delivering of health services in such areas. In effect, the health centers serve to insure their local communities against the cost of care for the uninsured.

Even if other providers were available to serve these persons, the cost of their care would have to be met through increased taxes. In the current funding situations in early fiscal year 1982, health centers were really reeling under the prospect of actually losing $81 million, or roughly 22 percent of their basic Federal grants. These were compounded by severe reductions in other sources of support, including National Health Service Corps, medicare and medicaid, which combined would have meant 35 percent loss of revenues.

At that rate, more than 1 million low-income patients would have been left without necessary medical care. This did not happen, primarily because of the members of this subcommittee who felt it was important to maintain these programs. Through your recognition of the work done by these centers and the tremendous need for health care in the communities that they serve, nearly half of the funding was restored during the urgent supplemental for fiscal 1982.

Even with this funding restoration, some 239 centers were defunded last year, and between 500,000 and 700,000 patients lost access to their health centers. In fiscal 1983, members of this committee again played an instrumental role in restoring yet again $14 million in funding for health centers through the continuing resolution.

Finally, as part of the recently passed jobs bill, it provided an additional $70 million to extend health care services for the unemployed through community migrant centers. This vital funding could not have come at a more critical time. As a result of the dramatically increased levels of unemployment during the past year, health centers have been besieged with new patients seeking care, but for the most part unable to pay even a small fraction of the cost.

Our members across the country report an increased service demand averaging 22 percent, and it is measured by patient registrations, waiting lines, and emergency requests for care. Most of this increase is due to high unemployment, although loss of medicare and medicaid, particularly among the disabled persons, has been another major factor.

At the same time, health centers have watched as their collections from patients and third-party payers have plummeted, also due to unemployment, loss of insurance including medicare and medicaid, among their current patients.

All of this has placed tremendous pressure on health centers' grant funding. Few people expect that this situation is going to change substantially in the foreseeable future. Therefore, it's essential that the increased service capacity supported by the jobs bill funding be maintained through at least 1984, and that necessary Federal grant support be continued for this purpose. On behalf of my organization and the hundreds of centers it represents, and the millions of people that they serve, I would like to make the following minimum recommendation for funding for fiscal 1984.

For community health centers, $365 million. This amount will maintain the expanded service capacity begun with the jobs bill money, enabling health centers to serve 5 million patients, including over 500,000 new unemployed users.

Migrant health centers, $51 million. This level will permit 128 migrant health centers to serve 650,000 migrant and seasonal farm workers and their families. I would like to add that farm workers have been as devastated as any other group of workers by high unemployment, particularly in view of the depressed farm industry and what is happening in agriculture in general.

National Health Service Corps, $104 million. Through this amount, we would be able to maintain the field strength of 2,115 National Health Service Corps Federal assignees. The Corps is a vital source of health professionals for health centers, particularly in those communities where attempts to recruit private practice physicians have been singularly unsuccessful.

For the National Health Service Corps scholarship program, $11 million. The reestablishment of the scholarship program is absolutely essential if the Corps field staff placement program is to be successfully maintained in the future. The amount of $11 million would support 500 new scholarships next year. If this scholarship level could be continued in future years, and if the unwieldy private practice option effort can be brought under control, the Corps field strength of about 2,100 could be maintained into the future.

Program support for the Bureau of Health Care Delivery and Assistance, $41 million. This would maintain current program support staff through fiscal 1984. The administration's request totaling only $20 million assumes passage and implementation of new block grant proposals which do not appear to be receiving serious consideration this year.

I urge you in the strongest possible terms to resist all temptation to achieve any savings here. The surest way to undermine the effectiveness of the program would be to cut back on program management resources, and health centers are no different in this regard.

With respect to medicare and medicaid, I wish to urge your opposition to savings proposals set forth by this administration in fiscal 1984 program budget requests. These proposals are not costsavers at all; rather, they push the costs of care onto the backs of the poor and the low-income elderly while doing nothing to reform the cost-increasing elements of our Nation's health system. Study after study has shown that increased copayment levels and beneficiary out-of-pocket costs only discourage the use of the least expensive forms of care and result in increased use of most costly hospital and nursing home services.

Surely, there are better ways to reduce health care costs. Among them, steps could be used to encourage greater use of health centers and other efficient ambulatory care providers.

Finally, my last concerns with respect to the private practice option. There is an elimination of the special bonus payment for scholarship graduates who accept Federal assignment, and this has caused a large number of them to choose the private practice option. Loose management of the private practice option program resulted in large numbers of scholarship graduates electing to meet their service obligation by working in hospital emergency rooms or established group practices, often at lucrative incomes in low-priority health manpower shortage areas, while high-need, resource-poor communities continue to go begging for medical care.

Delegation of Federal responsibilities to the States through the National Health Service Corps management contracts has created nearly chaotic situations in many areas, often resulting in private practice option placements in communities already served by health centers, when there has been no consultation with those centers. This has, in turn, caused serious problems in sorting out responsibilities for the care of the poor and the uninsured.

In fact, there are some cases that can be cited where private practice option positions have refused to accept medicaid or even discount charges to the poor. This is all in violation of existing statute, and instead thev have sent these patients to the health center for care. In a number of cases, National Health Service Corps assignees have completed their service obligation at the center and would like to continue; however, they have been told they need to step aside to make room for the new scholarship graduates. Since the health center often lacks the resources to employ this veteran assignee on their own, and many of these veterans would like to make a career of the commissioned corps, such a requirement forces the health center to give up a known quantity in exchange for an unknown, with all of the attendant problems affecting continuity of care, credibility among health service in relation to its patients, and so on.

Therefore, I clearly urge you to restore the bonus payment for all National Health Service Corps assignees effective immediately; limit the current size and future growth of the private practice option component; and limit the placement to high-priority health manpower service areas, namely 01 and 02 categories only; stipulate that private practice option placements be made only after extensive consultation with other Federal or federally-supported programs in that community; preference be given to National Health Service Corps assignees who wish to extend their Federal assignment over a new assignee, where in fact both the current assignee and the community health center wish to continue their relationship; and finally, to make it clear that while States can assist the National Health Service Corps in a number of ways—for example, site development, applications for support, volunteer recruitment, and the like—that the responsibility for the assignment and the management of the National Health Service Corps provider should not be delegated.

In closing, I would like to thank you, Senator, for allowing me this opportunity to present our concerns to you.

Senator INOUYE. On page 1, you speak of 6 million, in a later page, of 5,500,000. How many people do you serve?

Ms. ROBINSON. We serve currently 5,500,000 people. Roughly 500,000 persons were lost when 239 centers were closed last year.

Senator INOUYE. You mention that some of the private providers involve themselves in discriminatory practices.

Ms. ROBINSON. Discriminatory in terms of the economics of the patients who present themselves for the care. There are many private practitioners who will not take medicaid patients. Their concern is that their payment is too low, there is too much paperwork to get involved in, and, therefore, they will not accept them.

Senator INOUYE. Discrimination not based upon race, color, creed——

Ms. ROBINSON. No; payment source.

Senator INOUYE. Thank you very much.

[The statement follows:]

STATEMENT OF JANICE ROBINSON

My name is Janice M. Robinson, and I am a Registered Nurse and Executive Director of the National Association of Community Health Centers, which represents more than 800 community-based, public and private nonprofit Community, Migrant and Urban Indian Health Centers throughout our Nation. As you know, these centers provide basic health care to America's poorest, most disadvantaged people from inner-city ghettos and urban Indian neighborhoods to rural migrant farmworker labor camps and isolated, resource-poor communities.

I deeply appreciate the opportunity to discuss with you today the problems which these health centers face in the current economic climate, and the issue of fiscal 1984 funding for the federal programs which support the health center activities. I also wish to address some very serious concerns we have with a number of recent Federal policy decisions which affect the operation of the health centers.

Overview of Health Centers

Health centers supported through the primary care program authorities have proven to be effective and efficient providers of quality health care to some 6 million Americans, most of whom have no other available source of care. These include medically (and, often, economically) indigent persons who lack public or private coverage -- including large numbers of the currently unemployed -- as well as Medicare and Medicaid recipients refused care by other private providers (often because of low payment rates or discriminatory practices). In many rural communities, these centers are the only available health care providers for miles. Despite these difficulties and the generally poor health of their patients, the primary care centers have been effective health care providers, according to findings in an overwhelming majority of independent studies over the past decade.

- They have provided continuous, high-quality health care to their patients, and have increased the use of preventive services (such as immunizations and pap smears).

- They have reduced illness and hospitalization rates among their patients (by as much as 50 percent for comparable populations), and yet have held down their costs to a level considerably lower than for other health care providers, which results in tax savings.

These health centers do not interfere with or duplicate the efforts of other private practice providers, but are located in areas where there is a shortage of personal health services. Thus, their role is both appropriate and vitally necessary. The Federal support (both grant funding and placement of health professionals through the NHSC) received by the health centers is used solely to subsidize the cost of care for indigent, uninsured persons, to cover the cost of non-reimbursable services such as preventive service and health education, and to establish the capacity for the delivery of health service in such areas. In effect, the health centers serve to insure their local communities against the cost of care for the uninsured; even if other providers were available to serve these persons, the cost of their care would have to be met through increased taxes.

Current Funding

In early fiscal 1982, health centers were reeling at the prospect of actual dollar cuts equaling $81 million, or 22 percent, in their basic Federal grant programs. These cuts, compounded by severe reductions in other sources of support -- such as the National Health Service Corps and the Medicare and Medicaid programs -- meant that the average health center would face an average 35 percent loss in revenues. At that rate, more than one million low-income patients would have been left without necessary medical care.

That did not happen, and we have you, Mr. Chairman, and most of the Members of this Subcommittee to thank for saving the health centers and their patients from that near-disaster. Through your recognition of the good work done by these health centers, and of the tremendous need for health care in the communities they serve, nearly half of the funding cut was restored with the $34 million you inserted into the 1982 urgent supplemental funding bill. Even with this funding restoration, however, some 239 health centers were defunded last year, and between 500,000 and 700,000 patients lost access to care at health centers.

For fiscal 1983, you and the Members of this Subcommittee again played an instrumental role in restoring yet another $14 million in funding for health centers through the Continuing Resolution. And finally, as part of the recently-passed "Jobs Bill", you provided an additional $70 million to extend health care services to the unemployed through Community and Migrant Health Centers. Thus, for fiscal 1983, the health centers will receive $403.4 million in grant funding, an amount which will allow them to serve 5.5 million persons.

The Current Climate

This vital grant funding could not have come at a more critical time. As a result of dramatically-increased levels of unemployment over the past year, health centers have been besieged with new patients seeking care but -- for the most part -- unable to pay even a small fraction of the cost. Our members across the country report increased service demand levels averaging 22 percent (measured by new patient registrations, waiting lines, and emergency care requests). Most of the increase is due to high unemployment, although loss of Medicare/Medicaid -- especially among disabled persons -- has been another major factor.

At the same time, health centers have watched as their collections from patients and third-party payors have plummeted, also due to unemployment and loss of insurance, Medicare and Medicaid coverage among their current patients. All of this has placed tremendous pressure on the health centers' grant funding. Few people expect that this situation will change substantially in the foreseeable future -- certainly not prior to the end of 1984, and probably not for two or three years thereafter. Therefore, it is essential that the increased service capacity, supported by the "Jobs Bill" funding, be maintained through AT LEAST 1984, and that necessary Federal grant support be continued for this purpose.

Funding Recommendations for FY 1984

On behalf of the NACHC, the hundreds of health centers it represents, and the millions of needy people they serve, I wish to recommend the following minimum funding levels for these vital programs in FY 1984:

(1) Community Health Centers: $365 million

This amount will maintain the expanded service capacity begun with the "Jobs Bill" monies, enabling health centers to serve 5 million patients, including about one-half million new unemployed users.

(2) Migrant Health: $51 million

This level will permit the 128 Migrant Health Centers to serve 650,000 migrant and seasonal farmworkers and family members. I might add that the farmworkers have been as devastated as any other group of workers by high unemployment, especially so in view of the depressed farm industry.

(3) National Health Service Corps: $104 million

This amount would allow for a field strength of 2,115 NHSC Federal assignees. The NHSC is a vital source of health professionals for the health centers, particularly in those communities where attempts to recruit private practive physicians have been singularly unsuccessful.

(4) NHSC Scholarship Program: $11 million

The re-establishment of the NHSC Scholarship program is absolutely essential, if the NHSC field placement program is to be successfully maintained in future years. The $11 million would support about 500 new scholarships next year. If this scholarship level can be continued in future years -- and if the unwieldy Private Practice Option effort can be brought under control -- an NHSC field strength of about 2,100 could be maintained into the future as well.

(5) BHCDA Program Support: $41 million

This would maintain the current Program Support staff through FY 84. The Administration's request, totaling about $20 million, assumes passage and implementation of its new block grant proposals, which are unlikely to receive any serious consideration this year. I urge you, in the strongest possible terms, to resist all temptations to achieve any "savings" here. The surest way to undermine the effectiveness of any program would be to cut back on program management resources -- and health centers are no different in this regard.

Medicare and Medicaid

With respect to the Medicare and Medicaid programs, I wish to urge your opposition to the "savings" proposals set forth in the Administration's FY-1984 budget request. These proposals are not "cost-savers" at all; rather, they push the cost of care onto the backs of the poor and the low-income elderly, while doing nothing to reform the cost-increasing elements of our Nation's health care system. Study after study has shown that increased copayment levels and beneficiary out-of-pocket costs only discourage use of the least expensive forms of care and result in increased use of more costly hospital and nursing home services. Surely, there are better ways to reduce health care costs, among them steps to encourage greater use of health centers and other efficient ambulatory care providers.

Other Concerns

Finally, as I indicated earlier, we are deeply concerned over some recent policy decisions which, if maintained, could prove detrimental to health centers and the communities they serve. I refer in particular to decisions involving the National Health Service Corps field placement program. As examples:

- The elimination of special bonus payments for Scholarship graduates who accept Federal assignment has caused large numbers of graduates to choose the Private Practice Option (PPO);
- Loose management of the PPO program has resulted in large numbers of Scholarship graduates electing to meet their service obligation by working for hospital emergency rooms or established group practices -- often at lucrative incomes in low-priority HMSAs -- while high-need, resource poor communities continue to "go begging" for medical care;
- Delegation of Federal responsibilities to the States through "NHSC Management Contracts" has created near-chaotic situations in many areas, resulting in PPO placements in communities already served by health centers, without any consultation whatsoever involving the center. This, in turn, has caused serious problems in sorting out responsibilities for care of the poor and uninsured (in some cases, PPO physicians have refused to accept Medicaid or to discount charges to the poor -- in violation of Federal laws -- and instead have sent these patients to the health centers for care);
- In a number of cases, NHSC assignees who have completed their service obligation at health centers, and who wish to continue working -- as NHSC assignees -- at the health centers, have been told they must "step aside" to make room for a new Scholarship gradu-

ate. Since the health centers often lack the resources to employ this veteran assignee -- and many of these "veterans" want to make a career of the Commissioned Corps -- such a requirement forces the health centers to give up a known quantity in exchange for an unknown, with all of the attendant problems affecting continuity of care, credibility, and so on.

To deal seriously with these problems, before the situation gets totally out of hand, I urge you to consider the following steps:

(1) Restore the bonus payment for all NHSC assignees, effective immediately;

(2) Limit the current size and future growth of the PPO component, and limit all PPO placement to high-priority HMSAs (01 and 02 category) ONLY;

(3) Stipulate that all PPO placements shall be made only after extensive consultation with other Federal or Federally-supported health resources in any community;

(4) Give preference to NHSC assignees who wish to extend their Federal assignment over new assignees, where both the current assignee and the community/health center wish to continue their relationship;

(5) Make it clear that, while States can assist the NHSC in any number of ways (site development, applications for support, volunteer recruitment and the like), the responsibility for assignment and management of NHSC providers should not be delegated.

In closing, I want to again thank you, Mr. Chairman and Members of the Subcommittee, for the opportunity to share these points with you today, and I look forward to working with you in the future to ensure the continued success of these vital programs.

STATEMENT OF DR. EDWARD NEWMAN, DIRECTOR, DEVELOPMENTAL DISABILITIES, TEMPLE UNIVERSITY; REPRESENTING THE AMERICAN ASSOCIATION OF UNIVERSITY AFFILIATED PROGRAMS FOR THE DEVELOPMENTALLY DISABLED

Senator INOUYE. Our next witness is Dr. Edward Newman, director, developmental disabilities, Temple University.

Dr. NEWMAN. Good morning, Senator. I appreciate being asked to testify inasmuch as my train was delayed this morning.

I am Dr. Edward Newman, and I am director of the developmental disabilities program at Temple University. I do appreciate the opportunity to present testimony on behalf of the American Association of the University Affiliated Programs for the Developmentally Disabled.

Our primary concern is the well-being of the Nation's estimated 4.6 million children and adults with mental retardation and other developmental disabilities, and a related concern is the cost to society of public expenditures for these individuals which the President's Committee on Mental Retardation, based on an Inspector General's report, estimates to be $11.4 billion in 1982.

The university affiliated facilities should be seen as an investment for reducing human disablement and reducing the cost of public expenditures for the care of individuals with this disability.

The way to cut Federal service costs is to increase prevention and offer care which reflects the full technical know-how at our disposal.

The network of 46 UAF's distributed around the United States with 5 affiliated satellites has the explicit responsibility of training professionals working in local State service delivery systems on the latest and best methods of prevention and treatment, and offering a back-up diagnosis and service capacity for more involved cases with facilities which have more complex clinical and service capability, which other facilities are unable to handle, and also for identifying areas of needed research and working with the 12 mental retardation research centers and other research projects to develop methods of prevention and treatment.

Under separate testimony 10 percent in NICHD's appropriation are recommended to support a major 5-year research program in developmental neurobiology.

Recently, the mental retardation research centers working with the UAF clinical base discovered the fetal alcohol syndrome. Perhaps one of the best indicators of public, congressional, and administration appreciation and support for UAF's is the fiscal year 1983 appropriation of $7.5 million they received under the Developmental Disabilities Act and the same recommendation of $7 million by the administration for UAF's under the Developmental Disabilities Act for fiscal year 1984.

While this figure shows support, it is not quite adequate. UAF support and support for the broader Developmental Disabilities Act has been frozen at $61 million since 1975. An increase in UAF appropriations to $7.875 million is needed for fiscal year 1984.

Twenty of the forty-seven UAF's and five satellites are supported by the maternal and child health block grant and are larger and offer a more regional multistate training and service base—for example, the Colorado UAF.

Unlike UAF support under the Developmental Disabilities Act, there is no line item for UAF's under the maternal and child health block grant. Consequently, due to reductions in the overall block grant and internal agency decisions spreading cuts across programs contained in the block grant setaside, support to UAF's fell from $19 million-plus in fiscal year 1982 to $12,885,866 in fiscal year 1983, a reduction of over 32 percent.

Unfortunately, this cut has been extremely damaging. In 1982 prior to the cuts, universities and States were already paying half the cost of the UAF programs. Universities and States have suffered generally from the economic situation and when the 32-percent cuts came down for UAF's, they faced a very difficult situation since it's impossible to operate a technically complex service to handicapped children with inadequate technical capacity.

Only three options existed: (1) close the UAF; (2) increase State or university funding when both categories of funding were being hard hit; and (3) decrease services.

The University of Michigan decided to close down its UAF, rejecting reduced Federal funds. South Dakota nearly closed its UAF, continuing only after urging from the administration led to reversal of an initial decision. The UAF at Johns Hopkins in Maryland estimated it would have to close, but was able to negotiate with the administration a reduction in the cut originally announced.

Some increases in State funding have occurred, but States were already involved with UAF's and, State legislatures have felt the need to save other programs cut loose from Federal funds, not previously receiving State support, that are also vital to other population groups in the State.

Also, since UAF's serve multiple State regions—for example, Denver, Colo., serves both South Dakota and Nebraska—and States are decidedly reluctant to fund services which are for out-of-State residents, the strategy of having cuts picked up by States will simply not work for UAF's.

A survey of UAF's shows in fiscal year 1983 UAF's have been forced to deny services to 7,000 handicapped youngsters with complex multiple developmental disabilities who had no other service option.

Half of $11.4 billion is a staggering amount when compared with the extremely costly cut made in MCH support of $6.1 million to UAF's for early prevention and treatment.

We're recommending immediate restoration of $6.1 million for UAF's under the MCH block grant to restore UAF's to their fiscal year 1981 level. I recommend also congressional report language to this effect, with specific attention being given to continued funding of the programs in Colorado, California, New York, Florida, Wisconsin, and Kansas, which received a 65-percent cut over the last 2 fiscal years, endangering services to 6,000 handicapped children.

We recommend at least a $478 million appropriation level for the MCH block grant and urge a continued congressional mandate of the 15-percent set aside under the MCH block grant.

With respect to special education in the UAF's, prior to the 1982 cuts, 40 to 50 percent of the referrals to these facilities were from local education agencies to assist them in serving severely and multiply handicapped children under Public Law 94–142.

The Secretary of Education has recently proposed revisions of regulations governing implementation of part D of the act, which had the effect of making it very difficult to continue the special education support for selected UAF's, and we hope that we will be able to once again have the preferred treatment, so that there can be referrals from this terribly important source from the school system into the specialized programs in our agency.

Now in the climate of cuts and losses, positive capacity building initiatives under the leadership of HHS Assistant Secretary Dorcas Hardy and her able deputy Jean Elder have added a taste of growth and wisdom.

Our national association views this leadership as having been over the last year very constructive. They've demonstrated a deep commitment to understanding the complex issues related to the university affiliated facilities and not only convened a workshop panel of experts but also visited and reviewed most of the UAF's in a detailed and professional manner.

We commend this attitude which includes a hard-nosed emphasis on quality and building the network of university facilities to fill gaps and unmet needs.

Presently the Administration on Developmental Disabilities is in the process of developing a project intended to involve all of the UAF's aimed at defining nationwide gaps in services to adults with developmental disabilities and exploring how UAF's would work with State and local governments and the private sector to improve services to this group, including SSA title XIX–ICMMR, which supports services for the retarded.

We commend this effort and expect as a result of the leadership of Secretary Hardy and Commissioner Elder, the administration will be in excellent position to present thoughtful, real world based and significant legislative and programmatic recommendations when policy decisions such as renewal of the Developmental Disabilities Act, improvement of title XX ICF–MR, and NIHR's research agenda for adults with developmental disabilities comes up for consideration.

Finally, I'd like to end on a personal note. I'm director of the program at Temple University in Pennsylvania. We have a special focus in acting as a brokerage change agent, if you will, for involvement of State, local, and private sector agencies.

We also share a combined responsibility for individuals with developmental disabilities, both children and adults, served by the Developmental Disabilities Center, Woodhaven Center, and St. Christopher's Hospital—a total of several thousand children and adults.

This responsibility qualifies me to personally enthusiastically support the recommendations presented as being most important for the Nation as a whole and certainly for our State of Pennsylvania.

Senator INOUYE. Without objection, all prepared statements submitted to the committee will be made part of the record at the appropriate places.

How successful are we in preventing developmental disabilities?

Dr. NEWMAN. I would say that we have been increasingly successful on two levels. One is in a research effort in order to find both causes and then be able to find some of the remedies. I can give you some specific instances.

Senator INOUYE. What about the correlation between infant birth weight and developmental disabilities?

Dr. NEWMAN. There's a very high correlation betwen these two.

Senator INOUYE. Why do we remain so high among the industrialized countries? Aren't we the worst?

Dr. NEWMAN. I'm not sure whether we are the worst, but I have to say that we certainly do not yet have a systematic approach. By systematic I mean a coverage across the Nation of the capacity to get at the mothers at a prenatal stage, as well as to be able to work with high-risk infants once the children are born—that type of prevention, having just come back from Israel where I have seen a very striking network of centers in each neighborhood in the nation, working both prenatally and paranatally and postnatally.

I have to say we have an awful long way to go, Senator, in this area.

Senator INOUYE. Thank you very much, sir.

Dr. NEWMAN. Thank you.

[The statement follows:]

STATEMENT OF DR. EDWARD NEWMAN

I appreciate the opportunity to present testimony on behalf of the American Association of University Affiliated Programs for the Developmentally Disabled. Our primary concern is the well-being of the nation's estimated 4.6 million children and adults with mental retardation and other developmental disabilities, and a related concern is the cost to society of public expenditures for these individuals, which the President's Committee on Mental Retardation, based on an Inspector General's report, estimated to be 11.4 billion dollars in 1982.

The University Affiliated Facilities (UAFs) have been proven effective in reducing the incidence of mental retardation and developmental disabilities and reducing the cost of public expenditures for care of individuals with this disability. Indeed, the way to cut federal service costs is to increase prevention and offer care which reflects the full technical knowledge at our disposal. Dr. Hugo Moser, a colleague and AAUAP Board member, delivered the keynote address at the International Summit on Prevention of Mental Retardation From Biomedical Causes. Dr. Moser stated, "It is truly exciting to see so many biomedical causes of mental retardation crumble simultaneously under the attack of new knowledge. I believe that we can indeed achieve the goal of 50 percent reduction by the year 2000, provided that we exercise to the maximum our intelligency, judgment, and good faith and provided that we are able to engage and maintain the commitment and support of the general public."

Today I want to present our recommendations on the commitment needed from Congress. I will address three main points: 1) why UAFs play a vital role; 2) the current situation of UAFs given FY83 and earlier spending cuts; and 3) some very encouraging new initiatives started by this Administration to build on the existing UAF network.

UAFs and Why They Are Vitally Needed

There are over 100 known causes of mental retardation and other developmental disabilities, and new causes, methods of prevention and more effective treatment are being discovered each year through an active and very productive research program being undertaken by the Mental Retardation Research Centers, which are affiliated with the UAFs. Under separate testimony, 10-percent increases in NICHD's appropriations are recommended to support a major five-year research program in developmental neurobiology. The experts in the field feel that with appropriate NICHD support, a breakthrough in our understanding of the basic mechanisms of the brain is likely. Recently the Mental Retardation Research Centers, working with the UAF clinical base, discovered the fetal alcohol syndrome. The network of 46 UAFs distributed around the United States (with five affiliated satellites) has the explicit responsibilities of:

a) Identifying areas of needed research and working with the 12 Mental Retardation Research Centers and other research projects to develop methods of prevention and treatment;

b) Training professionals working in the state service delivery systems on the latest and best methods of prevention and treatment;

c) Offering a backup diagnosis and service capacity for complex and severe cases which state facilities are unable to handle.

Impact of FY82 and FY83 Funding Cuts on UAFs

Prior to 1982 the UAFs were funded by three sources: The Developmental Disabilities Act; the Maternal and Child Health Block Grant; and under Part D of the Education for All Handicapped Children Act (EHA). UAFs are funded by three separate sources because they are uniquely interdisciplinary, and their scope of concern spans several federal programs. Perhaps one of the best indicators of public, Congressional and Administration appreciation of and support for UAFs is the FY83 appropriation of $7.5 million they received under the DD Act and the same (adjusted for rounding) recommendation of $7.0 million by the Administration for UAFs under the DD Act for FY84. While this figure shows support, unfortunately it is not quite adequate. UAF support and support for the broader DD Act has been frozen at $61 million since 1975. An increase in UAF appropriations to $7.875 million is needed for FY84.

A dramatic example of both the vital role of UAFs and how the UAF network has eroded over the last few years is presented by the case of a 13-year-old Native American boy with developmental disabilities and emotional problems referred to the UAF network by the Indian Health Service and undergoing evaluation this week at the Denver, Colorado, UAF. The boy was referred to the UAFs in both South Dakota and Nebraska after it was determined that there was inadequate service capacity in either the Indian Health Service, South Dakota or Nebraska. It appears that the Colorado UAF (saved from defunding under the Maternal and Child Health Block Grant in both FY82 and FY83 by Congressional appropriations amendments) will be able to offer services and arrange a community placement for a lad who otherwise would have been institutionalized. This example shows how states and other programs look to the UAF network for services in technically complex cases and how vital the continued support of the UAFs funded under the Maternal and Child Health Act is to the broad regions in the country where they are located. Sadly, it also shows how the capacity of the UAFs supported under the DD Act (e.g. UAFs in South Dakota and Nebraska) have eroded over the years of declining real dollar support for those UAFs.

Twenty of the 47 UAFs and 5 satellites are supported by the Maternal and Child Health Block Grant and are larger and offer a more regional (multi-state) training and service base (e.g. Colorado UAF). Unlike UAF support under the DD Act, there is no line item for UAFs under the Maternal and Child Health Block Grant. Consequently, due to reductions in the overall Block Grant and internal agency decisions spreading cuts across programs contained in the Block Grant setaside, support to UAFs fell from $19,078,933 in FY82 to $12,885,866 in FY83, a reduction of over 32 percent. I wish I could tell you that this cut was okay or was ameliorated by increased state support or other factors, especially in a program providing unique service capacity for severely disabled children and adults with no alternative and effective in reducing the incidence and cost of mental retardation and related disabilities. Unfortunately, this cut has been extremely damaging, and it is a near miracle that we have the skeleton of the UAF network still largely intact, but funding must be restored if the program is to remain viable and effective. In 1982, prior to the cuts, universities and states were already paying over half the cost of the UAF program. Universities and states have suffered generally from the economic situation, and when the 32 percent cuts came down for UAFs, they faced a very difficult situation since it is impossible to operate a technically complex service to handicapped children with inadequate technical capacity. Only three options existed: 1) close the UAF; 2) increase state or university funding when both categories of funding were being hard hit; and 3) decrease services.

The University of Michigan decided to close down its UAF, rejecting reduced federal funds, thus resulting in the long-term loss of a leading regional resource for children with handicapping conditions it had taken over 15 years to build. South Dakota nearly closed its UAF, continuing only after urging from the Administration led to reversal of an initial decision. The UAF at Johns Hopkins in Maryland estimated it would have to close, but was able to negotiate with the Administration a reduction in the cut originally announced. Other universities and states are reviewing their continued support; other closings are possible under current funding levels. Some increases in state funding have occurred, but state involvement in UAFs was so extensive already that state legislatures felt a need to save other programs cut loose from federal funds, not previously receiving state support, that are vital to other population groups in the state. Also, since UAFs serve multi-state regions (e.g. Denver, Colorado, UAF serves South Dakota and Nebraska) and states are decidedly reluctant to fund services which are for out-of-state residents (estimated 50 percent), the strategy of having cuts picked up by states will simply not work for UAFs. A survey of UAFs shows that FY83 UAFs have been forced to deny services to 7,000 handicapped youngsters with complex multiple developmental disabilities who had no other service option. The damage to UAF activities was greater than this figure suggests since, out of humanitarian concerns, UAF directors cut all other areas prior to service cuts, thus training and prevention activities central to the Presidential goal of of reducing the incidence of mental retardation by ½ by the year 2000 and reducing the concommitant government expenditures of 11.4 billion dollars were severely cut. Obviously, these cuts in UAFs don't make sense either from a humanitarian sense or a fiscal point of view. Half of 11.4 billion dollars is a staggering amount when compared with the extremely costly cut made in MCH support of 6.1 million dollars to UAFs.

Recommendation:

AAUAP recommends immediate restoration of 6.1 million dollars to UAFs under the Maternal and Child Health Block Grant to restore UAFs to their FY81 level (this would still be a cut due to reduced purchasing power).

I recommend Congressional report language to this effect, with specific attention being given to continued funding of the programs in Colorado, California, New York, Florida, Wisconsin and Kansas, which received a 65 percent cut over the last two fiscal years endangering services to 6,000 handicapped children. In spite of two separate laws expressing Congressional intent that these UAFs be continued, the Division of Maternal and Child Health has still not made a long-term (FY84 and beyond) commitment to continue its support to these programs.

We recommend at least $478 million appropriations level for the MCH Block Grant. The Congressional Budget Office recently estimated that $571 million would be required in FY83 to maintain the same level of MCH services provided in FY81, when the program was funded at over $457 million.

We urge a continued Congressional mandate of the 15 percent setaside under the Maternal and Child Health Block Grant. The setaside funds are needed by UAFs and other highly technical service capacity programs not otherwise available to states, such as Pediatric Pulmonary Centers.

Special Education in UAFs

Prior to the 1982 cuts, 40 to 50 percent of the referrals to UAFs were from local education agencies to assist them in serving severely and multiply handicapped children under P.L. 94-142. In "A Report of the Ad Hoc Workshop on the University Affiliated Facility (UAF) Program," convened by HHS Assistant Secretary Dorcas Hardy and Administration on Developmental Disabilities Commissioner Jean Elder and dated March 1983, it is stated that "it has come to the attention of the Ad Hoc group that the Secretary of Education has recently (as of November 23, 1982) proposed revisions of regulations governing implementation of Part D of EHA which have the effect of making it very difficult to continue the Special Education support for selected UAFs. ... Although the competition for 1983 funds is now closed, it is not too early to rectify this oversight for 1984." Congressional support for this recommendation would allow UAFs to continue their unique role in supporting P.L. 94-142 program support of children with severe and multiple developmental disabilities.

Administration Initiatives Related to UAFs

In the climate of cuts and loss, positive capacity building initiatives under the leadership of HHS Assistant Secretary Dorcas Hardy and her able deputy Jean Elder have added a real taste of spring, growth and wisdom.

AAUAP views the HDS leadership as very constructive. They have demonstrated a deep commitment to understanding the complex issues related to UAFs and not only convened a Workshop Panel of experts but also visited and reviewed most of the UAFs in a detailed and professional manner. We commend their attitude, which I would characterize as activist and one of "the UAF network represents a powerful resource vitally relevant to the needs of individuals with developmental disabilities: Let's figure out how to strengthen it, make it better, and build on it to fill gaps and unmet needs." Presently the Administration on Developmental Disabilities is in the process of developing a project, intended to involve all UAFs, aimed at defining the nationwide gap in services for adults with developmental disabilities and exploring how UAFs could work with state and local governments and the private sector to improve services to this group. The project would also examine how UAFs would support other federal programs such as SSA Tit[illegible] - ICMMR, which supports services to this population. We commend this effort and expect that as a result of the leadership of Assistant Secretary Dorcas and ADD Commissioner Jean Elder, the Administration will be in an excellent position to present thoughtful, real-world based and significant legislative and programmatic recommendations when policy decisions such as renewal of the DD Act, improvement of the Title XX ICF-MR program, and NIHR's research agenda for adults with developmental disabilities come up for consideration.

Note that our recommendation for a FY84 appropriation for UAFs under the DD Act of $7.875 is consistent with this initiative. We also support appropriations of $45.339 million for the Developmental Disabilities Basic State Grant Program, $8.40 million for the Protection and Advocacy Systems, and $2.5 million for Special Projects under the DD Act.

I would like to end on a personal note. As well as representing AAUAP, and having served on Assistant Secretary Dorcas Hardy's UAF Workshop, I am director of the UAF Developmental Disabilities Program at Temple University in Pennsylvania. This UAF is unusual in two ways. First, we have a special focus in acting as a brokerage change agent for involvement of state, local and private sector agencies. Second, we have responsibility for individuals with developmental disabilities, both children and adults, served by the Developmental Disabilities Center, Woodhaven Center and St. Christopher's Hospital -- a total of several thousand children and adults. This responsibility qualifies me to personally enthusiastically support the recommendations presented as being most important for the nation as a whole and certainly for Pennsylvania.

STATEMENT OF DR. LOUIS W. SULLIVAN, PRESIDENT AND DEAN, MOREHOUSE SCHOOL OF MEDICINE; REPRESENTING THE ASSOCIATION OF MINORITY HEALTH PROFESSIONS SCHOOLS

Senator INOUYE. Our next witness is Dr. Louis Sullivan, president of the Morehouse School of Medicine, representing the Association of Minority Health Professions Schools.

Dr. SULLIVAN. Thank you, Senator. Senator Inouye, the Association of Minority Health Professions Schools is an educational association whose members include the Morehouse School of Medicine in Atlanta; the Meharry School of Medicine and Meharry School of Dentistry in Nashville; the Charles R. Drew Postgraduate Medical School in Los Angeles; the Tuskegee Institute School of Veterinary Medicine in Tuskegee, Ala.; the Florida A&M University School of Pharmacy in Tallahassee, Fla.; the Texas Southern University School of Pharmacy in Houston; and the Xavier University College of Pharmacy in New Orleans.

These schools, with the exception of Howard University, represent all the minority health professions schools in the Nation in medicine, dentistry, pharmacy, and veterinary medicine.

The goals of the association are to advance the educational missions and programs of its member institutions, individually and collectively; to increase the number of black, and other minority health professionals in the Nation; and to assist the institutions in obtaining the resources necessary to carry out these goals.

The vast majority of minority health professionals have been educated by a remarkably small number of schools which emphasize educating minorities. Meharry Medical and Dental School has graduated 42 percent of all black dentists and physicians currently practicing in the United States.

Tuskegee Veterinary School has graduated 92 percent of all black veterinarians. Texas Southern University, Xavier University, and Florida

A&M Schools of Pharmacy have produced 50 percent of all black pharmacists.

Senator INOUYE. Let me ask you a question at this point. This 92 percent of veterinarians—does this mean other schools are not admitting black students?

Dr. SULLIVAN. Yes, it does, Senator. Currently 75 percent of black veterinary students currently enrolled in veterinary schools are in Tuskegee Institute School of Veterinary Medicine, though it's the only 1 of some 21 veterinary schools in the country.

Senator INOUYE. Your standards are just as high as other veterinary schools?

Dr. SULLIVAN. Yes; their graduates have been very successful in their practices as veterinarians. As well, though, they have a number of students from foreign countries, particularly the Caribbean and Africa, who come and study at that institution.

Senator INOUYE. Please proceed, sir.

Dr. SULLIVAN. Thank you. Much has been accomplished by the schools of the association, in spite of very limited financial resources over the years.

However, much more needs to be done. Although blacks represent 12 percent of of the Nation's population, blacks still comprise less than 3 percent of the Nation's dentists, less than 2 percent of the Nation's pharmacists, and less than 1 percent of the Nation's veterinarians.

Black students and black health professions schools are in need of financial support to continue their work. This special financial need is largely due to the socioeconomically disadvantaged populations which our institutions serve.

However, the present budget does not reflect a commitment to these institutions, or the students who attend.

Mr. Chairman, many of the Federal student and institutional aid programs are dependent on the actions of your subcommittee. There is still a great shortage of minority health professionals in our Nation.

The need for support of the institutions of our association and the students who attend them is well documented. Nevertheless, we find our institutions and students, and our goal of increasing the number of black and other minority health professionals, threatened and thwarted by insufficient financial resources for students and for our institutions.

The President's proposed 32 percent cut would have a disastrous impact on the training of minority health professionals. Our funding recommendations for student and institutional support are as follows:

For the guaranteed student loan programs the administration's funding proposal of $2,047,100,000, coupled with the proposal that students with adjusted gross and family incomes above $30,000 establish remaining need, and the proposed escalation of the originated fee from 5 to 10 percent is totally unacceptable.

We recommend that the committee adjust the fiscal year 1984 figure to $3 billion, the same as last year's estimates.

On the National Health Service Corps program, the administration recommends no funding, whereas for fiscal 1983, that figure was $11 million as contrasted with $38 million for fiscal 1982.

We recommend an appropriation of at least $11,000,000 for the National Health Service Corps scholarship program so minority health professional students can continue their education and develop medical practices in areas that are underserved and populated by minorities and the elderly.

The administration proposes an elimination of funding for the exceptional financal needs program, mentioning that students in exceptional financial need will receive high priority assistance under health professions student loan revolving funds and health education assistance loans.

What the administration fails to convey in their EFN proposal, however, is that they have proposed to appropriate no new funds for health professions student loans in fiscal year 1984, and a $50 million reduction in the amount of funds which may be guaranteed under health education assistance loans.

The Association of Minority Health Professions Schools recommends the appropriation of $5.6 million for fiscal year 1984, the same as fiscal year 1983.

The administration has proposed to eliminate funding for the health professions student loan program. The apparent rationale for this request is that from the previous loans which are due and payable this year, current students can be awarded loans from the revolving funds, and that additional funds are available from HEAL loan programs.

From our experience with this program it is apparent that the revolving fund will not be sufficient to provide desperately needed loans. Even if HEAL loans are available, they carry a much higher interest rate, have more overdue repayment and are thus much more difficult to pay back.

The Association of Minority Health Professions Schools recommends an appropriation in fiscal year 1984 of $5.8 million, less than one-half of the authorized amount and consistent with their recommendation for fiscal year 1983.

The administration proposes to reduce by $50 million the amounts authorized to be guaranteed for HEAL loans. Yet, in each proposed financial cut described above, the administration advocates the use of the HEAL loan program by students who cannot receive funds from other programs which have been reduced or eliminated.

While the Association of Minority Health Professions Schools feels that the HEAL loan program has serious problems due to insufficient active lenders and excessive interest rates, we feel it important to maintain the guaranteed amount available at $225 million. This amount is necessary because of the severe constraints which already exist in other financial aid programs.

Consistent with the recommendation of the advanced financial distress panel appointed by the Secretary of Health and Human Services in January 1982, the Association of Minority Health Professions Schools concurs with the administration's budget request of $5.6 million.

The Association of Minority Health Professions Schools agrees with the administration's proposal of $18,188,000 for the disadvantaged assistance program, and would like to strongly endorse it.

Mr. Chairman, we in our association are aware of the fiscal restraints which exist these days. Yet, when you consider the current shortages of black and other minority health professionals in the Nation, and the low percentages of black physicians, dentists, pharmacists, and veterinarians, compared to the percentage of blacks to total population, it is apparent that as a Nation we are falling far short of the goal of approaching parity.

To support the facts I have cited in my testimony, and to assist you and the subcommittee in becoming more aware of the severe shortages of minority health professionals in the Nation in the near future, we look foward to presenting each of you with a copy of a just completed study by Ruth S. Hanft for the association and made possible by a grant from the Robert Wood Johnson Foundation.

This study illustrates the tenuous status of minority health professionals in the Nation. I hope that you will review this study and take its findings into consideration when making your appropriations recommendations.

I appreciate the opportunity to appear before you to relate our concerns.

Senator INOUYE. Was your association called upon to provide any input in the budgetmaking process?

Dr. SULLIVAN. No; we were not, Senator. We were not consulted; we did on our initiative meet with officials in the Department of Health and Human Services.

Of course they, while being in support of our needs, have indicated that they have to relate their appropriations requests with the directions given by OMB.

Senator INOUYE. Do most of the graduates of these schools that have been listed serve the socioeconomically disadvantaged people of the United States?

Dr. SULLIVAN. Yes, they do, Senator. For example, Meharry Medical School has shown that 70 percent of their graduates are working in the underserved areas, both rural and inner city.

Senator INOUYE. Thank you very much. I appreciate it.

[The statement follows:]

STATEMENT OF LOUIS W. SULLIVAN, M.D.

The Association of Minority Health Professions Schools is an educational association whose members include the Morehouse School of Medicine (Atlanta, Ga.), the Meharry School of Medicine and Meharry School of Dentistry (Nashville, Tenn.), the Charles R. Drew Postgraduate Medical School (Los Angeles, Calif.), the Tuskegee Institute School of Veterinary Medicine (Tuskegee, Ala.), the Florida A&M University School of Pharmacy (Tallahassee, Fla.), the Texas Southern University School of Pharmacy (Houston, Tex.), and the Xavier University College of Pharmacy (New Orleans, La.) With exception of the health professions schools at Howard University, the association includes all of the majority health professions schools in the United States..

The goals of the association are to advance the educational missions and programs of its member institutions, individually and collectively, to increase the number of black and other minority health professionals in the Nation; and to assist the institutions in obtaining the resources necessary to carry out these goals.

The vast majority of minority health professionals have been educated by a remarkably small number of schools which emphasize educating minorities. Meharry Medical and Dental School has graduated 42 percent of all black dentists and physicians currently practicing in the United States. Tuskegee Veterinary School has graduated 92 percent of all black veterinarians. Texas Southern University, Xavier University, and Florida A&M Schools of Pharmacy have produced 50 percent of all black pharmacists. Morehouse School of Medicine has just begun its conversion to a 4-year medical school, with plans to graduate its own physicians in 1985.

Much has been accomplished by the schools of the association, in spite of very limited financial resources over the years. However, much more needs to be done. Although blacks represent 12 percent of of the Nation's population, blacks still comprise less than 3 percent of the Nation's physicians, less than 2 percent of the Nation's dentists, less than 2 percent of the Nation's pharmacists, and less than 1 percent of the Nation's veterinarians. Black students and black health professions schools are in need of financial support to continue their work. This special financial need is largely due to the socioeconomically disadvantaged populations which our institutions serve. However, the present budget does not reflect a commitment to these institutions, or the students who attend.

HEALTH PROFESSIONAL EDUCATION

Mr. Chairman, many of the Federal student and institutional aid programs are dependent on the actions of your subcommittee. There is still a great shortage of minority health professionals in our Nation. The need for support of the institutions of our association and the students who attend them is well documented. Nevertheless, we find our institutions and students, and our goal of increasing the number of black and other minority health professionals, threatened and thwarted by insufficient financial resources for students and for our institutions.

The President's proposed 32 percent cut would have a disastrous impact on the training of minority health professionals. The soundness of the comprehensive and essential student and institutional assistance programs is endangered by the President's proposal to reduce or eliminate the Federal commitment to: health professions student loans, exceptional financial and need scholarships, health education assistance loans, area health education centers, and minority school support. Previous cuts have eliminated some of the health professions education programs already. Further cuts will endanger the continuationof a supply of competent health care professionals, professionals necessary to meet America's health care needs.

In brining these facts to the attention of the subcommittee, we seek your support in our efforts to obtain adequate funds for our institutions, our students, and for national programs to increase the number of minority health professionals.

Our funding recommendations for student and institutional support are as follows:

GUARANTEED STUDENT LOANS

The administration's funding proposal of $2,047,100,000, coupled with the proposal that students with adjusted gross and family incomes above $30,000 establish remaining need, and the proposed escalation of the originated fee from 5 to 10 percent is totally unacceptable.

We recommend that the committee adjust the fiscal year 1984 GSL figure to $3 billion, the same as last year's estimates. The need for financial resources to continue profesional and graduate education is of utmost concern. We recommend that all students who apply for guaranteed student loans be required to establish remaining need for loans. We also recommend that the 5-percent origination fee remain unchanged or eliminated altogether.

NATIONAL HEALTH SERVICE CORPS SCHOLARSHIP PROGRAM

In fiscal year 1982, $38,208,000 was appropriated for National Health Services Corps scholarships. Under the fiscal year 1983 continuing resolution (H.J. Res. 631), $11,042,000 is available. The President's fiscal year 1984 budget requests elimination of this program. The NHSC scholarship program has been an important mechanism for identifying students with interest in future practice in underserved communities, supporting their appropriate training, and insuring their eventual service through a year-for-year payback obligation. Clearly this program is significant to our students and our instituions. Over one-third of NHSC scholarship recipients are minorities. Loss of this program severely jeppardizes health professions students in training and has an adverse impact on health professions schools.

We recommend an appropriation of at least $11 million for the National Health Service Corps scholarship program so minority health professionals students can continue their education and develop medical practices in areas that are underserved, and populated by minorities and the elderly.

EXCEPTIONAL FINANCIAL NEED

The administration proposes an elimination of funding for the exceptional financing need program, mentioning that students in exceptional financial need will receive high priority assistance under health professions student loan revolving funds and health education assistance loans. What the administration fails to convey in their EFN proposal, however, is that they have proposed to appropriate no new funds for health professions student loans in fiscal year 1984, and a $50 million reduction in the amount of funds which may be guaranteed under health education assistance loans.

The Association of Minority Health Professions Schools recommends the appropriation of $5.6 million for fiscal year 1984, the same as fiscal year 1983.

HEALTH PROFESSIONS STUDENT LOANS (HPSL)

The administration has proposed to eliminate funding for the HSPL program. The apparent rationale for this request is that from the pevious loans which are due and payable this year, current students can be awarded loans from the revolving funds, and that additional funds are avaialble from HEAL loan programs. From our experience with this program it is apparent that the revolving fund will not be sufficient to provide desperately needed loans. Even if HEAL loans are available, they carry a much higher interest rate, have more overdue repayment and are thus much more difficult to pay back.

The Association of Minority Health Professions Schools recommends an appropriation in fiscal year 1984 of $5.8 million, less than one-half of the authorized amount and consistent with their recommendation for fiscal year 1983.

HEALTH EDUCATION ASSISTANCE LOANS

The administration proposes to reduce by $50 million (to a total of $175 million) the amounts authorized to be guaranteed for HEAL loans. Yet, in each proposed financial aid cut described above, the administration adovocates the use of the HEAL loan program by students who cannot receive funds from other programs which have been reduced or eliminated. While the Association of Minority Health Professions Schools feels that the HEAL loan program has serious problems due to insufficient active lenders and excessive interest rates, we feel it important to maintain the guaranteed amount available at $225 million. This amount is necessary because of the severe constraints which already exist in other financial aid programs.

FINANCIAL DISTRESS GRANTS

Consistent with the recommendation of the advanced financial distress panel appointed by the Secretary of Health and Human Services in January 1982, the Association of Minority Health Professions Schools concurs with the administration's budget request of $5.6 million. The financial distress grant program provides desperately needed funds to four of the institutions of the association in the form of grants and cooperative agreements to meet operating costs. These funds continue to be essential to these institutions.

DISADVANTAGED ASSISTANCE

The Association of Minority Health Professions Schools agrees with the administration's proposal of $18,188,000 for the disadvantaged assistance program, and would like to strongly endorse it. Due in large part to the existence of the disadvantaged assistance program, which provides support to institutions to identify, motivate, recruit, admit, retain, and graduate disadvantaged students, representation of such students increased significantly in the 1970's, although we have witnessed smaller increases over teh past few years.

Mr. Chairman, we in our association are aware of the fiscal restraints which exist these days. Yet, when you consider the current shortages of black and other minority health professionals in the Nation, and the low percentages of black physicians, dentists, pharmacists, and veterinarians, compared to the percentage of blacks to total population, it is apparent that as a Nation we are falling far short of the goal approaching parity.

To support the facts I have cited in my testimony, and to assist you and the subcommittee in becoming more aware of the severe shortages of minority health professionals in the Nation in the near future, we look foward to presenting each of you with a copy of a just completed study by Ruth S. Hanft for the association and made possible by a grant from the Robert Wood Johnson Foundation. This study illustrates the tenuous status of minority health professionals in the Nation. I hope that you will review this study and take its findings into consideration when making your appropriations recommendations.

I appreciate the opportunity to appear before you to relate our concerns.

STATEMENT OF DR. TERENCE ROGERS, DEAN, JOHN A. BURNS SCHOOL OF MEDICINE, UNIVERSITY OF HAWAII

Senator INOUYE. The next witness is Terence Rogers, dean of the school of medicine, University of Hawaii.

You're the star of the show now. [Laughter.]

That's why I'm here.

Dr. ROGERS. I suppose at this point it's superfluous for me to say I'm the dean of the school of medicine, University of Hawaii.

I wish to testify for the continued support of this subcommittee in recommending resources and agency policies which lead to improvement in health care, health promotion, and education in the U.S. Territories of the Pacific. At this point, I would like to thank the committee for the jobs bill language also directed in that same context.

My testimony refers particularly to those new political entities arising from the Trust Territory of the Pacific Islands. The U.S. presence in the western Pacific is a consequence of a deliberate national security policy and not an accident of history or geography. Therefore, the physical quality of life for the islanders becomes our responsibility, not only because we are a civilized Nation, but because social stability in the region is conducive to our national security.

Standards of health and health care are dismally below those considered minimally acceptable in the United States itself and these conditions are well-recognized. Serious chronic infectious diseases such as tuberculosis and leprosy are widespread, even among children, and are difficult to control because of a shortage of trained professionals at all levels, including even those with simple management skills and attitudes required for the ordering and timely distribution of medication.

To encapsulate my testimony, the backbone of indigenous health professionals in Micronesia have been those Micronesian medical officers originally trained by the U.S. Navy and later, the Fiji School of Medicine. These men and women are now mainly in senior administrative positions and due to retire in a few years. They have not been replaced since Fijian independence. The Fiji School of Medicine has changed its function and no longer is accessible to Micronesians. The primary and secondary education standards in Micronesia still make it very difficult for the islanders to progress to medical school, and we at the University of Hawaii know that very well. The new Micronesian entities are in danger of developing a total dependency on expatriate health professionals who come and go without the development of indigenous management skills to operate the health system at a level of efficiency congruent with a truly steadily improving basic facility level. This presages a ward-like dependency inconsistent with mutual intentions of self-sufficiency.

At the University of Hawaii and in the closest consultation with the Micronesian political and health leadership, we have concluded that the present policy of secondary education is a fact of life for the current young adults, and so we propose to develop a medical officer training program geared to those realities and responsive to the needs and expectations of the patients.

The graduates of this program would be at approximately the same level of professional training as the soon-to-retire medical officers and provide an adequate level of primary care through the balance of this century while the new entities work out their economic futures. And our intent is to train these men and women as public health practitioners as well as just responders to emergent medical problems, because so much more leverage can be applied by well-established preventive measures.

At the same time, we propose training programs for administrative persons, even at the simplest level of recordkeeping, inventory control, and projection of needs. Even today, the skills of the Micronesian health professionals outstrip the capacity of their immediate infrastructure to support them.

In summary, we proposed that in collaboration with the governments of the new entities, we develop a revitalized cadre of Micronesian health professionals, a determined approach to safer water supply and sewage disposal, consistent with economic realities, a Micronesian pattern of preventive medicine outreach programs, especially in maternal and child health, and the development of administrative skills and attitudes that can support these enterprises.

Thank you.

Senator INOUYE. I have been advised that on some of the islands, 50 percent of the male adult population is suffering from diabetes?

Dr. ROGERS. Yes.

Senator INOUYE. Is that correct?

Dr. ROGERS. Yes; in the Marshall Islands.

Senator INOUYE. And further, the suicide rate of these islands exceed that of the United States by four times?

Dr. ROGERS. Yes; 7 deaths per 1,000.

Senator INOUYE. I had the impression that cholera was wiped out of the United States, yet the incidence is higher than the rate in some of the less developed countries; is that correct?

Dr. ROGERS. That is also true; yes.

Senator INOUYE. When you speak of health professionals in the Micronesian Islands, you're not speaking of the American standard M.D., are you?

Dr. ROGERS. No.

Senator INOUYE. Where are these men and women to be trained? On your campus?

Dr. ROGERS. No; we plan to do it in Ponape, which is in the Caroline Islands. And that's part of the new Federated States of Micronesia.

As an expression of the humble level of the project, we have a disused construction camp as a site to do this.

Senator INOUYE. How many American standard M.D.'s are working on these islands?

Dr. ROGERS. There are about 18 under contract to the various governments. There are about another 20 National Health Service Corps assignees.

Senator INOUYE. That's for the total population?

Dr. ROGERS. That's for the total population, and we from the University of Hawaii have been rotating senior residents to some of the islands.

Senator INOUYE. I thank you very much and would like to commend you for what you are doing, because if it weren't for the health-related programs there, I think they would throw us out. So thank you, sir.

[The statement follows:]

STATEMENT OF DR. TERENCE ROGERS

I am Terence Rogers, dean of the John A. Burns School of Medicine at the University of Hawaii. I wish to testify for the continued support of this subcommittee in recommending resources and agency policies which lead to improvement in health care, health promotion and education in the U.S. Territories of the Pacific. I refer here particularly to those new entities arising from the Trust Territory of the Pacific Islands and American Samoa. The U.S. presence in the western Pacific is a consequence of a deliberate national security policy and not an accident of history or geography. Therefore, the physical quality of life for the islanders becomes our responsibility, not only because we are a civilized Nation, but because social stability in the region is conducive to our national security.

Standards of health and health care are dismally below those considered minimally acceptable in the United States itself and these conditions are well-recognized by our colleagues in the Department of Health and Human Services and the National Institute of Handicapped Research. Serious chronic infectious diseases such as tuberculosis and leprosy are widespread, even among children, and are difficult to control because of a shortage of trained professionals at all levels, including even those with simple management skills (and attitudes) required for the ordering and timely distribution of medication. The recent epidemic of cholera in Truk showed up these same deficiencies, although individuals acquitted themselves with sefless devotion. The treatment of the individual cholera patient requires medical and nursing skills, but an epidemic is controlled by rigorous and well established organizational methods; not just by helping the affected get well.

The immediacies of primary health care in the islands have dominated our thinking to the extent that some recent and imminent hospital construction is incongruent with the available level of staffing and the availability of good public health administration. The 35 or so Micronesian medical officers (trained to a high level of competence by the U.S. Navy and later at the Fiji School of Medicine) are now largely in senior administrative posts and due to retire in the next few years. Primary and secondary education standards in Micronesia still make it very difficult for the islanders to progress to medical school, for example. The new Micronesian entities are in danger of developing a total dependency on expatriate health professionals (who come and go), and without the development of indigenous management skills to operate the health system at a level of efficiency congruent with the steadily improving basic facilities. This presages a ward-like dependency inconsistent with mutual intentions of self-sufficiency. All of this has been complicated by rapidly changing social patterns in the islands. More than half the population now live in small urbanized centers with new and complicated health problems because water supply and sewage disposal are inadequate for such concentrations of people. Also, the availability of imported processed foods leads to nutritional problems, in the direction of obesity and related diseases rather than undernutrition. Perhaps worst of all is the deteriorated social climate in which widespread unemployment coincides with the discarding of traditional subsistence skills in fishing and gardening. Alcoholism, random violence, and an appalling suicide rate among young adults are clearly related to these rapid social changes. That part of the population remaining in remoter atolls do not have access to hospitals but probably enjoy better somatic and mental health. At the University of Hawaii, and in consultation with some of the Micronesian leadership, we have concluded that the present quality of education is a fact of life for the current young adults, and so we propose to develop a medical officer training program geared to those realities and responsive to the needs and expectations of the patients. The graduates of this program would be at approximately the same level of professional training as the soon-to-retire medical officers and provide an adequate level of primary care through the balance of this century while the new entities workout their economic futures. Our intent is to train these men and women as public health practitioners as well as just responders to emergent medical problems, because so much more leverage can be applied by well-established preventive measures.

At the same time, we propose training programs for administrative persons, even at the simplest level of recordkeeping, inventory control, and projection of needs. Even today, the skills of the Micronesian health professionals outstrip the capacity of their immediate infrastructure to support them.

In summary, we propose that in collaboration with the governments of the new entities, we develop a revitalized cadre of Micronesian health professionals—a determined approach to safer waste supply and sewage disposal—consistent with economic realities, a Micronesian pattern of preventive medicine outreach programs, especially in maternal and child health, and the development of administrative skills and attitudes that can support these enterprises.

STATEMENT OF RICHARD KOZOLL, M.D., M.P.H., CHAIRMAN, LEGISLATIVE AFFAIRS, NATIONAL RURAL PRIMARY CARE ASSOCIATION

Senator INOUYE. Our next witness is Dr. Richard Kozoll, chairman of legislative affairs, National Rural Primary Care Association.

Senator INOUYE. Welcome sir.

Dr. KOZOLL. Good morning, sir.

Mr. Chairman, thank you for the opportunity to appear before the subcommittee to represent the National Rural Primary Care Association's concern with the President's fiscal year 1984 budget proposal. It is with pleasure that I bring to your attention many of our recommendations for improving primary health care in rural America.

I should mention that our association represents rural health care providers, consumers, trustees, and those involved in supporting rural health efforts in one way or another. I should also mention that in 1972 I personally was among the first of our country's National Health Service Corps physician assignees, and I continue to practice in Northwest New Mexico, where I direct a community health center project and receive National Health Service Corps personnel.

Federal support for the education and placement of health professions through the National Health Service Corps, as well as operation of Community Health Center and migrant health programs, continue to be of crucial importance for our most isolated and disadvantaged rural people. These programs bring cost-effective preventive and outpatient medical and dental care to remote areas that have not had such service in the past.

My remarks this morning will address these programs.

The President's recent budget proposal, however, threatens these programs and the rural people who benefit from them. In the face of high unemployment, consequent loss of health insurance benefits, rising health care costs, and medicare and medicaid cutbacks, the isolated and poor of our country are more dependent than ever on the National Health Service Corps, Community Health Center, and migrant health programs. They must be sustained to further improve rural America's health status and avert much unnecessary, tragic, and expensive illness and hospitalization. The administration's budget proposal would eliminate National Health Service Corps scholarship support, reduce somewhat National Health Service Corps field strength, and reduce Bureau of Health Care Delivery and Assistance program support needed for continued successful operation of all primary care programs. It does not extend the health care benefits of this year's jobs legislation to fiscal year 1984.

Permit me then to offer the alternative recommendations of the National Rural Primary Care Association in regard to the National Health Service Corps and the scholarship program. The goal of the National Health Service Corps has been to provide practicing health professionals to those U.S. communities with the most difficulty retaining such primary health care providers. Long-term retention of these professionals is clearly in the interest of improved national health status, the economy and well-being of the communities, and limiting Federal health care costs arising from preventable illness or hospitalization. Sharing these interests have been our health professional training institutions, most of which have a mandate to meet the future health manpower needs of their respective regions, particularly the rural portions of those regions. The current partnership of health professionals in training or practice, needy communities, health professional schools, and Federal Government has resulted in a National Health Service Corps strength of 2,115.

In fiscal year 1982, $38,208,000 was appropriated for National Health Service Corps scholarships. Under the fiscal year 1983 continuing resolution, $11,042,000 is available. The President's fiscal year 1984 budget request eliminates this program. The NHSC scholarship program has been an important mechanism for identifying interested health professional students, supporting their appropriate training, and insuring their eventual service through a year-for-year payback obligation. Loss of this program terminates health professionals in training and health professional schools as partners in the National Health Service Corps program. The National Health Service Corps will thus be forced to compete with more attractive practice opportunities abundant in more affluent and conveniently located communities.

In regard to the field strength of the National Health Service Corps, the President's fiscal year 1984 budget request of $96 million will require a reduction in the field strength to 1,989 individauls. The administration projects the difference to be more than compensated for by physicians and dentists with National Health Service Corps scholarship obligations exercising the private practice option. This option allows these professionals to elect private practice in health manpower shortage areas in lieu of Federal service and, thereby, avoid payback for their previous scholarship support.

The National Rural Primary Care Association is also aware of numerous PPO's that do not fulfill the intent of the National Health Service Corps.

Private practice options should not jeopardize existing National Health Service Corps sites by reducing field strength necessary to cover them. The National Health Service Corps should maintain its existing field strength of 2,115 and allow private practice options only in the highest priority shortage areas and as available after meeting service needs at existing National Health Service Corps sites. This will require revision of the fiscal year 1984 National Health Service Corps budget upwards to $104 million. These recommendations are supported by the recent report of the Graduate Medical Education National Advisory Committee.

Senator INOUYE. May I interrupt at this point? In your prepared text, you speak of large numbers of PPO's not fulfulling their obligations, that they were able to find a few loopholes in the law or the administrative rules.

Could you provide this committee with a much more detailed report of this?

Dr. KOZOLL. I would be happy to do that. 1983 was the first year in which the private practice option was permitted in the National Health Service Corps, so the data is, at best, preliminary, but we have a number of instances reported to us of inappropriate options, and I would be happy to catalog those for you.

Senator INOUYE. I think the administration and this committee has been acting on the assumption that these programs do work, and if, from what you tell us, it's not working, then something should be done.

Please proceed, sir.

Dr. Kozoll. In regard to the Community Health Center and migrant health programs, these have been proven to be effective and efficient providers of quality health care to millions of citizens who would otherwise go without it. During fiscal year 1982, Federal support was terminated to more than 200 health centers serving 500,000 patients. Although funding was not further reduced in fiscal year 1983, numbers of medically indigent Americans rose as a result of unemployment and subsequent loss of health insurance coverage. The new jobs legislation will take care of the primary health care needs of many of these people this year.

There is no promise as to what will meet their needs next year. Our recommendation is that adequate primary medical and dental care of an additional 330,000 unemployed be continued in fiscal year 1984 through a Community Health Center appropriations level of $327 million. This is upward from this year's level of $295 million, and migrant health at a level of $51 million.

Program support funding to the Bureau of Health Care Delivery and Assistance should be maintained at the current level by an appropriation of $40,700,000 rather than a proposed reduction to $20 million.

In conclusion, Mr. Chairman, the vast majority of Americans have excellent primary health care from private practitioners located in or near their communities. They or their families have jobs and health insurance to pay for it. To ignore the others, many of whom live in isolated rural areas, would be a national disgrace. These National Rural Primary Care Association recommendations will maintain the current level of Federal primary health care support to these rural Americans among us who do not share our good fortune.

Thank you very much.

Senator Inouye. I thank you very much, sir.

[The statement follows:]

Statement of Richard Kozoll, M.D., M.P.H.

Thank you for the opportunity to appear before the subcommittee to represent the National Rural Primary Care Association's concern with the President's fiscal year 1984 budget proposal. It is with pleasure that I bring to your attention many of our recommendations for improving primary health care in rural America.

Federal support for the education and placement of health professions through the National Health Service Corps, as well as operation of Community Health Center and migrant health programs, continue to be of crucial importance for our most isolated and disadvantaged rural people. These programs bring cost-effective preventive and outpatient medical and dental care to remote areas that have not had such service in the past.

The President's recent budget proposal, however, threatens these programs and the rural people who benefit from them. In the face of high unemployment, consequent loss of health insurance benefits, rising health care costs, and medicare and medicaid cutbacks, the isolated and poor of our country are more dependent than ever on the National Health Service Corps, Community Health Center, and migrant health programs. They must be sustained to further improve rural America's health status and avert much unnecessary, tragic, and expensive illness and hospitalization. The administration's budget proposal would eliminate National Health Service Corps scholarship support, reduce somewhat National Health Service Corps field strength, and reduce

Bureau of Health Care Delivery and Assistance program support needed for continued successful operation of all primary care programs. It does not extend the health care benefits of this year's jobs legislation to fiscal year 1984. Permit me then to offer the alternative recommendations of the National Rural Primary Care Association.

NATIONAL HEALTH SERVICE CORPS AND THE SCHOLARSHIP PROGRAM

The goal of the National Health Service Corps has been to provide practicing health professionals to those U.S. communities with the most difficulty retaining such primary health care providers. Long-term retention of these professionals is clearly in the interest of improved national health status, the economy, and well-being of the communities, and limiting Federal health care costs arising from preventable illness or hospitalization. Sharing these interests have been our health professional training institutions, most of which have a mandate to meet the future health manpower needs of their respective regions. The current partnership of health professionals in training or practice, needy communities, health professional schools and Federal Government has resulted in a National Health Service Corps strength of 2,115.

In fiscal year 1982, $38,208,000 was appropriated for NHSC scholarships. Under the fiscal year 1983 continuing resolution, $11,042,000 is available. The President's fiscal year 1984 budget request eliminates this program. The NHSC scholarship program has been an important mechanism for identifying interested health professional students, supporting their appropriate training, and insuring their eventual service through a year-for-year payback obligation. Loss of this program terminates health professionals in training and health professional schools as partners in the NHSC program. The NHSC will thus be forced to compete with more attractive practice opportunities abundant in more affluent and conveniently located communities.

NRPCA RECOMMENDATION

The fiscal year 1984 budget should be revised to include an additional $11 million for NHSC scholarships. Thus insuring a continuing flow of health professionals to serve in underserved areas.

SALARY LEVELS FOR SCHOLARSHIP OBLIGATED PHYSICIANS

Scholarship obligated physician U.S. Public Health Service (USPHS) commissioned officers assigned to the NHSC currently receive no retention special pay. This $9,000 incentive was rescinded by Congress December 21, 1982, only from these NHSC obligated physicians. Nonobligated commissioned corps physicians or those seving in other branches of the USPHS receive retention special pay. The effect of this congressional action is to reduce the annual salary of a specialty trained and board eligible physician with dependents to $30,476.44 and a general practitioner without board eligiblity or dependents to $27,551.24.

In addition, entry level for scholarship obligated civil service NHSC physician assignees has been lowered by administrative action. The new range is from $24,508 for general practitioners to $34,930 for medical specialists completing 3 years of postgraduate training.

Salary levels are far below those offered by almost all physician employers. The effect of both these actions will be to discourage physicians in training from choosing a NHSC career as well as discourage recruitment of future professionals through the scholarship program should it be reinstituted.

NRPCA RECOMMENDATION

Salaries for scholarship obligated NHSC physician assignees should be restored to 1982 levels by congressional and administrative action.

FIELD STRENGTH AND THE PRIVATE PRACTICE OPTION

Current NHSC field strength is 2,115 health professionals. The President's fiscal year 1984 budget request of $96 million will require a reduction in the field strength. The administration projects the difference to be more than compensated for by physicians and dentists with NHSC scholarship obligations exercising the private practice option (PPO). The PPO allows these professionals to elect private practice in health manpower shortage areas in lieu of Federal service and, thereby, avoid payback for their previous scholarship support.

The National Rural Primary Care Association is aware of numerous PPO's that do not fulfill the intent of the NHSC. Examples include hospital emergency room employment, practice on the suburban fringe of a shortage area, and residence and part-time practice in more well-to-do communities. Current National Health Service Corps policy has permitted these service loop holes. Many of the most needy communities could be left uncovered because of future scholarship professionals finding and electing private practice in more of these loop holes.

NRPCA RECOMMENDATION

Private practice options should not jeopardize existing NHSC sites by reducing field strength necessary to cover them. The NHSC should maintain its existing field strength of 2,115 and allow PPO's only in the highest priority shortage areas and as available after meeting service needs at existing NHSC sites. This will require revision of the fiscal year 1984 budget upward to $104 million. These recommendations are supported by the recent report of the Graduate Medical Education National Advisory Committee.

COMMUNITY HEALTH CENTER AND MIGRANT HEALTH PROGRAMS

Community Health Center and migrant health programs have been proven to be effective and efficient providers of quality health care to millions of citizens who would otherwise go without it. During fiscal year 1982 Federal support was terminated to more than 200 health centers serving 500,000 patients. Although funding was not further reduced in fiscal year 1983, numbers of medically indigent Americans rose as a result of unemployment and subsequent loss of health insurance coverage. The new jobs legislation will take care of the primary health care needs of many of these people this year.

NRPCA RECOMMENDATION

Adequate primary medical and dental care of an additional 330,000 unemployed should be continued in fiscal year 1984 through a Community Health Center appropriation level of $327 million and migrant health level of $51 million. Program support funding to the Bureau of Health Care Delivery and Assistance should be maintained at the current levels by an appropriation of $40,700,000.

CONCLUSION

Mr. Chairman, the vast majority of Americans have excellent primary health care from private practitioners located in or near their communities. They or their families have jobs and health insurance to pay for it. To ignore the others, many of whom live in isolated rural areas, would be a national disgrace. These National Rural Primary Care Association recommendations will maintain the current level of Federal primary health care support to these rural Americans among us who do not share our good fortune.

Thank you.

STATEMENT OF JOHN EISENBERG, M.D., IMMEDIATE PAST PRESIDENT, SOCIETY FOR RESEARCH AND EDUCATION IN PRIMARY CARE INTERNAL MEDICINE

Senator INOUYE. Our next witness is the immediate past president of the Society for Research and Education in Primary Care Internal Medicine, Dr. John Eisenberg.

Dr. EISENBERG. Because of the limitations of time, I would like to highlight the testimony that we've already submitted just to point out a few important points that we would like to emphasize.

The first is that our organization is a group of about 900 general internists who teach primary care around the United States, individuals who teach in the residency programs that are funded by the legislation that we are discussing today.

As this committee has recognized in the past, there is a need in this country to educate physicians in a different sort of a way. That is to provide primary care to carry out the goals that we all share of providing cost-effective medical care and exercising prevention. Janice Robinson has talked already today about the need for physicians to practice in community health centers and neighborhood health centers in the National Health Service Corps. We're concerned that we have a chance to educate the physicians who are practicing in those very sites. Dr. Kozoll has just commented on the same need for physicians. We recognize the fact that in order for those physicians to practice effectively in those sites, they have to be educated effectively to do so.

Dr. Gehringer has also spoken today about the need to educate family physicians. We want to emphasize that we believe that all sorts of primary care physicians, that is, general internists, general pediatricians, and family physicians, are needed by this country, and this is the only legislation that is available to educate these physicians.

These are, in fact, primary care physicians, people who provide personal care, emphasizing continuity, comprehensiveness, prevention, and longitudinal care over a long period of time. It is a different kind of training than exists in the hospitals in the United States today. The reason for that is that the Federal funding through the legislation we're talking about today has enabled the educators in family medicine and general medicine and general pediatrics to take the residents out of the high-technology inpatient setting, teach them in the outpatient setting. That's the only way in which we can do this through this sort of legislation.

Let me just remind you, residency training in all three of these specialties takes 3 years. It is the 3 years that follows the sort of education that is funded by the health professions loans we have been discussing today, and it is the 3 years that precedes the time these individuals go into the field, community health centers, neighborhood health centers, and National Health Service Corps.

Our programs in general medicine, pediatrics, and family practice emphasize four aspects of practice that I think the committee is concerned about.

One of them is cost-effective care. I think it is fair to say in these three disciplines the leaders in the United States in clinical practice emphasize cost-effective care and taking care of patients outside of hospitals, if that can be done with high quality, providing diagnostic services in a cost-effective fashion. It is only by this sort of residency training we can transmit that information to the residents.

The second aspect is prevention. We all know how important prevention is in trying to keep people out of the hospital, and in the long run in reducing health care costs. It is through residencies like this that we can take trainees and educate them in the principles of preventive medicine.

Third is geriatrics. In internal medicine today, 35 percent of our patients are over the age of 65; by 1990, it's going to be greater than 50 percent, and we, in general internal medicine, recognize the mandate to educate our residents how to take care of the elderly, to emphasize their special needs.

Fourth is really the issue of care of the poor. As we all know, as medicare and medicaid funding becomes less available for the poor, they turn more and more to our teaching settings. Although the principal purpose of this legislation was to educate physicians, a clear spinoff has been the care to the poor who come to our teaching hospitals and neighborhood health centers to receive that care.

What we would like to request is not the full authorization of $20 million but rather $18 million for general internal medicine, general pediatrics, to fund the residency programs that have been approved by the Public Health Service's expert panel. The current President's request is for $12 million, so we are requesting an additional $6 million to that funding.

Senator Inouye. I thank you very much. I appreciate it. Your statement will be included in the record at this point, along with other statements submitted for the hearing record on appropriations for the Health Resources and Services Administration.

[The statements follow:]

STATEMENT OF JOHN EISENBERG, M.D.

Good morning. I am Dr. John Eisenberg, Immediate Past President of SREPCIM -- the Society for Research and Education in Primary Care Internal Medicine. I am joined today by Dr. Suzanne Fletcher, our current President, and Dr. David Calkins, chairman of our Health Policy Committee. We are pleased to have this opportunity to testify on the proposed fiscal year 1984 appropriation for the Department of Health and Human Services, specifically the appropriation for residency training grants in general internal medicine and general pediatrics.

SREPCIM was founded in 1978 as an affiliate of the American College of Physicians. Our organization was developed in part to promote the training of physicians in primary care or general internal medicine, and this remains one of our major concerns. Most of our members, who now number about 900, serve on medical school faculties, and many are involved in the teaching of residents in general internal medicine.

Three specialties account for most primary care services provided in the United States: general internal medicine, general pediatrics, and general or family practice. General internal medicine is the largest of these, representing 45 percent of all active primary care physicians in 1980.

Internal medicine differs from pediatrics and family practice in its focus on adult patients, and increasingly on the aged. Persons age 65 and over make up about one third of the practice of the average general internist, a figure which will grow as the average age of our population increases.

Postgraduate training in internal medicine typically requires three years. Physicians may elect additional training in a subspecialty of internal medicine (such as cardiology) upon completion of the basic residency program. Historically, about one third of all internists have entered subspecialty practice. However, during the 1960s and early 1970s the number of internal medicine trainees choosing subspecialties increased dramatically. Sixty-six percent of physicians who began internal medicine training in 1973 entered a subspecialty.

During the mid-1970s leaders in government and medicine recognized that our nation had a serious shortage of primary care physicians. Several professional organizations within internal medicine recommended expanded ambulatory care teaching in internal medicine residencies and a reduction in the number of fellowship positions in the subspecialties of internal medicine. Medical schools and teaching hospitals began to develop divisions of general internal medicine within departments of medicine, and some established special training programs in primary care internal medicine. This process was accelerated greatly by passage of the Health Professions Education Assistant Act of 1976 (Public Law 94-484), which provided authority for residency training grants in general internal medicine and general pediatrics.

These training grants have been extraordinarily successful. A 1979 survey of major teaching hospitals found that 77 percent had divisions of general internal medicine. Nearly half of these units had been created since 1976. A 1980 survey by our own organization identified 130 primary care internal medicine training programs in the United States.

Primary care internal medicine residency training differs from traditional internal medicine training in several important ways:

- More teaching occurs in an ambulatory setting. In a traditional internal medicine residency, about 10 percent of a resident's experience is in an ambulatory setting. In the primary care programs supported by federal training grants, more than 25 percent of training takes place in such settings.

- Primary care programs emphasize continuity of care. Residents maintain responsibility for their patients over an extended period of time. They care for them both inside and outside the hospital. They become the patient's advocate in an increasingly complex health care system.

- Primary care residents acquire skills in areas such as psychiatry, dermatology, orthopedics, and office gynecology, which are not part of traditional internal medicine training. Thus, they are able to manage the vast majority of problems encountered in ambulatory adult patients.

- Residents are taught principles of health maintenance. They work with other health professionals, including nutritionists and nurse practitioners, to counsel patients regarding diet, exercise, and other health-related behaviors. They learn to prevent disease as well as to treat it.

- Primary care training emphasizes cost-effective approaches to health care. Residents learn that many problems can be managed appropriately outside the hospital. They also learn that careful observation may be more useful than additional laboratory tests in determining the cause of a patient's illness.

- Perhaps most important, residents in these programs learn through experience and example that a career in primary care can be intellectually and personally rewarding - and they stay with it.

While the principal purpose of the training grants has been to support the education of primary care residents, they have had other desirable effects. As has been suggested already, they have been a major stimulus to the development of divisions of general internal medicine within departments of medicine. These training grants are second only to patient care revenues as a source of support for faculty in these divisions. These faculty play a critical role within their departments:

- Faculty in divisions of general internal medicine spend almost half their time in direct patient care, usually in hospital-based clinics or group practices. These clinics are an important source of ambulatory care, especially for the poor. The presence of full-time faculty in such clinics has led to improvements in both the quality and efficiency of services.

- Faculty in divisions of general internal medicine spend about a third of their time teaching in ambulatory and inpatient settings. They supervise residents in traditional internal medicine programs as well as those in primary care. General medicine faculty play an important role within traditional internal medicine programs. Studies show that internal medicine subspecialists are often the principal source of care for their patients. If those graduates of traditional programs who become subspecialists are to be effective in the role of primary physician, they need to learn the skills of the general internist. This includes a knowledge of health promotion and disease prevention activities, as well as cost-effective approaches to health care.

- General internal medicine faculty serve as important role models for medical students, interns, and residents. Studies indicate that medical school faculty have a significant influence on the career choice of physicians in training. The dominant role model on most medical school faculties is the subspecialist. The academic general internist offers trainees, including those in traditional internal medicine programs, an alternative.

Due in large measure to the residency training grants and the teaching activities which they have supported, we now are witnessing a significant shift in career choices within internal medicine. Only 53 percent of internal medicine residents completing training in 1981 elected a subspecialty.

The importance of the training grants to the support of residents and faculty in general internal medicine cannot be overstated. Our current practices of paying physicians and hospitals encourage the development of faculties dominated by subspecialists and residency training programs focused on technology-intensive inpatient services. By explicitly funding ambulatory care teaching, the residency training grants have provided departments of medicine with an incentive to add to their ranks faculty interested in general medicine and residents whose training includes substantial ambulatory care.

Unfortunately, the future of training in general internal medicine was placed in serious jeopardy last year when support for these training grants was cut from $16.2 million to $11.4 million. This appropriation will permit the funding of only 10 percent of the 65 applications for new and competing renewal grants in fiscal year 1983. At certain institutions this cutback has led already to reductions in general medicine faculty and the elimination of residency positions.

The authorization for general internal medicine and general pediatrics residency training grants in fiscal year 1984 is $20.0 million. Despite indicating strong support for this program, the Administration has requested an appropriation of only $12.0 million. This appropriation, too, would result in the denial of funding to the vast majority of eligible programs. Our own projections indicate that at least $18.0 million would be required to fund all approved applications in fiscal year 1984. Given the success of the residency training grants to date and the importance of the work still to be done, we hope you will consider seriously this higher funding level.

Our nation faces many health care problems: a continued shortage of primary care physicians, an aging population in need of more chronic care, and spiraling costs for health care services. Primary care internal medicine can be a part of the solution to many of these problems. General internists can meet the demand for more primary care services in both urban and rural areas. They can evaluate the needs of the chronically ill elderly and supervise their care at home or in an institution. And they can act as a broker for the patient in an increasingly technology-oriented health care system, assuring that care is provided in a cost-effective manner. The federal investment in primary care internal medicine residency training is sound. Sustained federal support is essential to the maintenance of this training effort.

Thank you again for this opportunity to present our views. My colleagues and I would be pleased to respond to your questions.

STATEMENT OF THE HEALTH INSURANCE ASSOCIATION OF AMERICA

The health insurance industry takes health planning seriously. Our support for planning goes beyond the fact that we helped community health planning mature from its early days long before the Comprehensive Health Planning Act. Nor does our support mean that we favor regulation as the solution to complex problems.

The 345 insurance companies which are members of the Health Insurance Association of America together write in excess of 80 percent of all health insurance underwritten by insurance companies in the United States. In 1981 we paid out health insurance benefits totaling $29.6 billion. Because of the financial stake held by our policyholders, the insurance industry continues to believe in health planning. We are particularly committed to the notion that community participation -- including that of our policyholders -- is the key to the development of a more effective and accountable health delivery system.

Any long-range strategy to achieve cost effective changes in the current delivery system will require a cooperative partnership between the major purchasers of health care and the health care professions. We believe this includes federal and state governments, labor, business, private citizens, and health insurers in a partnership with the nation's health care providers.

° Future Planning Requires Greater Flexibility

In our view, reforming the present Act should begin with a new flexibility for state and local planning entities to operate as they see fit in the best interest of their communities. Only the broadest of federal guidelines would be necessary for this purpose.

Since health care cost containment is clearly one of our highest national priorities, a new legislative framework for health planning should broaden the scope of approved activities to tackle this overriding public concern. Along with a federal mandate to expand its scope of activities to include cost containment, local planning entities should be relieved of excessive reporting and regulatory burdens and freed to explore the savings inherent in a) reimbursement system reforms, which by the way could deal with the unfairness of cost shifting amoung payors, b) alternative delivery systems, c) quality assurance and utilization review, d) local health promotion activities, as well as strategies for increasing the role of competition in the health market place.

° Certificate of Need Should be Preserved

We believe states should continue C.O.N. programs and utilize the recommendations of local level planning agencies as much as possible. The C.O.N. process should be streamlined to include only its more critical functions. For example, raising the capital expenditures threshold to $1 million would greatly reduce the administrative burden on states of reviewing large numbers of C.O.N. applications, but would still retain review of the larger cost generating projects.

° Capital Explosion is Possible

We have great reasons to fear unrestrained capital expansion in this country. Recent reports from the states and a national survey released in January bear out this trend. Any indication from the Congress that might further weaken support for CON would seriously undermine local efforts to restrain capital expansion.

° Local Level Input to Planning

A keystone to effective planning is direct community involvement by the parties most affected by health care costs. One of our goals is to get more organizations and citizens concerned about how and where health care dollars are spent. Most health care dollars are spent for the services of local hospitals and doctors. Insurance company and business leaders will be most interested in planning and cost containment, if they feel they can participate in the decision-making process. For these reasons we would prefer to see a process which guarantees local area input and which will reflect local values, needs and goals.

If the critical decisions are all made at the state-house, it will be difficult to build the citizen support necessary for the tough decision-making we need to rationalize the delivery system.

Insurance company involvement in planning is an example of this point. In the early days, insurance companies provided seed money which helped local agencies organize and qualify for federal funding. Subsequently, we provided backup for local planning agencies with personnel and more money. Today, representatives of HIAA member companies continue to serve on HSA boards, local committees, sub-area councils, etc. Many of our companies are now helping to meet the current short term funding needs of HSA's with grants.

Where local organizations fail to respond to the challenge of community planning, it seems only appropriate that the state is the next best place to perform this function. The designated state agency should in such cases be empowered to fulfill the planning role by substituting itself for the local planning entity.

In instances where a state agency overrules a recommendation from the local planning entity, the community deserves a full explanation. We urge this requirement in any bill.

- Federal Funding for Local Planning

We believe federal support for local planning efforts should be continued with a specific and separate authorization. We recommend the following authorization levels as the minimum amounts required to insure an effective program:

local planning	$65 million
state planning	32 million
technical assistance	2.9 million.

- Purchasers Deserve More Input In Planning

Health planning would benefit from greater input in the process by the major purchasers of health care. Planning would be strengthened considerably if purchasers (i.e. business, government and organized consumers) as a group constituted a clear majority on the boards of local planning entities. Agencies should be permitted to draw board members from the business community, organized labor, state and local government officials, and organized consumer groups, with no dominant single category.

- Evaluating the Effectiveness of Local Programs

Under any arrangement that continues federal funds to health planning, each agency should be required to collect minimum health care financial and utilization data that can serve as the basis for not only planning, but also for evaluating the effectiveness of the various cost containment activities stimulated by these amendments.

- Anti-Trust

Many of the cost containment activities we would like to see occur, such as voluntary closure and/or conversion of facilities, reductions in capacity, development of multi-institutional systems, and the greater sharing of cost and utilization data involve varying degrees of anti-trust liability. A qualified exemption from the federal and state anti-trust laws should be fashioned that will afford collaborators in planning the protection they need.

Mr. Chairman, we thank you for this opportunity to express the views of the health insurance industry on this important aspect of the nation's efforts to contain the rate of increase in health care costs. Insurers are sensitive to the fact that they have been unable to keep pace with the price of providing hospital and medical cost protection to the public. They will work aggressively with you in your efforts to attack this problem.

STATEMENT OF THE CHILD WELFARE LEAGUE OF AMERICA, INC.

The Child Welfare League of America is a privately supported organization comprised of 400 child welfare agencies whose efforts are directed to the improvement of care and services for children and their families. The agencies affiliated with the League include religious groups as well as non-sectarian public and private nonprofit agencies. The League also represents 1600 affiliated child and family agencies through our 27 Child Care Associations. The League, its members and affiliates serve several million children nationally and represent over 6000 volunteer board members and several thousand direct service volunteers. The League combines service and advocacy to ensure quality services to children and their families..

The Child Welfare League of America testified before this subcommittee on the need to increase the appropriations for Title IV-B, Child Welfare Services; Title IV-E Foster Care and Adoption Assistance; and the Title XX Social Services Block Grant. This additional statement reflects the broad range of concerns that the League has for services to children and families.

Maternal and Child Health Block Grant

The Maternal and Child Health Block Grant provides federal assistance to the states for health services for pregnant women, infant, children, and adolescents who would not otherwise have access to needed health care because of theirs economic status. The health services provided have a strong preventive component and a number of studies have found the services to be highly effective in improving the health of mother and children and in reducing infant mortality, mental retardation and other developmentally disabling conditions.

Many of our agencies rely on Maternal and Child Health programs to provide prenatal and postnatal care for the young women they serve. The Maternal and Child Health programs in most communities are linked to a network of comprehensive services to provide critical care to pregnant adolescents and adolescent parents.

For FY '83 the appropriation for this program was $373 million. An additional $105 million was included in the Supplemental FY'83 Emergency Jobs and Humanitarian Assistance Act. The total FY'83 Appropriation was $478 million. This restored the appropriation level to what it was in FY'81 before the cuts and consolidation in this program.

The Child Welfare League of America hopes that the appropriate legislative changes will be made in the authorization for the Maternal and Child Health Block Grant for FY'84 to enable an appropriation of at least $473 million for this program.

Family Planning and Population Research--Title X of the Public Health Service Act

The Title X Family Planning program funds project grants for the provision of voluntary family planning services, preventive health care and education services on family planning. It also provides more than half of the federal funds for population research in human reproduction, contraceptive technology and population dynamics. Title X family planning programs serve 4 million persons annually, including 1 million adolescents at 5000 sites nationwide. Title X has become the largest provider of health services to adolescents.

Even before the 1982 reduction in the Title X program, only half of the low-income women and sexually active teenagers in need of services were being reached. The 25 percent cut in funding in FY'82 has forced some clinics to curtail services, cut staff and/or reduce the number of persons served. The Department of Health and Human Services estimates that since 1982, 1000 clinics have closed and 500,000 fewer people have been served. Clinics faced with cuts have reduced services and have had to charge more for services provided.

The Child Welfare League of America believes that the Title X family planning program has a proven record of success which should not be jeopardized by further consolidation into the Primary Care Health Block Grant. In light of the reduction in service availability, the Child Welfare League of America supports an appropriation for Family Planning Services for FY'84 of $155 million and supports an increased funding level for population research funds to $114 million.

Child Abuse Prevention and Treatment and Adoption Reform Act

This law is in the process of reauthorization. We recognize that the Appropriations Committee cannot appropriate without an authorization, but in light of the similarity between the bill that has been introduced in the Senate and the bill that has been passed out of Subcommittee in the House, we assume there will eventually be a bill and would like to express our support for an adequate appropriation for this program.

Title I of the Child Abuse and Neglect Prevention and Treatment and Adoption Reform Act provides financial assistance for demonstration programs in the area of prevention and treatment of child abuse and neglect and maintains a National Center on Child Abuse and Neglect (NCCAN). Federal funding has supported a wide range of activities including development of professional and paraprofessional training, conferences to encourage a multi-disciplinary/multi-agency approach, public service announcements, an information clearinghouse, and grants to States to assist in developing, strengthening and carrying out child abuse and neglect prevention and treatment programs.

In FY'82 this program was reauthorized in the Omnibus Budget and Reconciliation Act but with major modifications. The money for research and demonstration was consolidated into a discretionary fund administered by the Office of Human Development Services, Department of Health and Human Services and the separate appropriation for work in the area of child sexual exploitation was eliminated. In the proposed reauthorization in the House continued consolidation of the research and demonstration funds is prohibited and the separate authorization for work in the area of prevention of child sexual exploitation is restored. We support these changes and the authorizations for separate appropriations for the various activities in the bill.

Adoption Opportunities is Title II of this act. This Title funds activities to facilitate the elimination of barriers to adoption, particularly for children with special needs. Activities funded under this program include: ten regional Resource Centers; specialized training for adoption workers; a National Adoption Exchange (which publicizes children waiting for adoption); and a project to encourage citizen involvement and local advocacy.

The President has proposed reauthorization of only the state grant portion of this Act at $6.7 million and proposes to continue funding the research and demonstration projects and the Adoption Opportunities program within the overall Office of Human Development Services discretionary fund.

The Child Welfare League supports reauthorization of all components of this Act and separate appropriations for each Title. We support an appropriation of $30 million for Title I -- The Child Abuse and Neglect Prevention and Treatment Program -- and $5 million for Title II the Adoption Opportunities program. We believe the $30 million appropriation level is necessary to continue the many functions of the National Center on Child Abuse and Neglect, and to maintain current funding levels for state grants. The $5 million for Adoption Opportunities will continue the successful efforts to find homes for hard to place children.

Runaway and Homeless Youth Act

The Runaway and Homeless Youth Act is Title III of the Juvenile Justice and Delinquency Prevention Act. It provides funding for the development of facilities to serve the needs of runaway and otherwise homeless youth. Grants are made to the States under this program based upon the state's population of youth under 18 years of age. The program also provides funds to nonprofit agencies through a competitive grant process. There is also a toll-free hotline funded by the program which responds to calls from runaways and their families.

Recent estimates of the number of youth who run away or are homeless range from 733,000 to 1,30,000. The population is reported in some states to be equally split between those who are runaways, and those who have been pushed out from their homes. For example, Family and Children's Services in Knoxville, Tennessee, a Child Welfare League agency, reported that from January - March, 1983, 87 runaways were served in the shelter but 23 had to be turned away because there was no room for them. Ranging in age from 12-18, sixteen were homeless and 58 ran away because of parent/child conflicts. The remainder identified other problems as the reason for running away. The length of stay in the Center ranged from 1 to over 15 days. Upon discharge, the mayority did not return home but had other living situations arranged for them. As the experience of this agency is repeated nationwide, it is clear that the demand for runaway services is immense.

In FY'83 the appropriation for this program was $22 million. For FY'84 the President recommends a funding level of $10.5 million -- the FY'82 appropriations level. The request to dramatically reduce funding for this program coupled with recent DHHS action to convert $8 million of the FY'83 funds into a block grant, announcement of a one-year, one-time limitation on allocation of new grants to runaway centers; and delay of the program announcement for funding put this program in serious jeopardy. These proposals run counter to Congressional actions in FY '83 which increased the funding for this program by $11.5 million.

The Child Welfare League of America supports an appropriation of $25 million for this program -- the full authorization level -- to provide continuation of funding for the centers in place and provide funds for new centers in states which have a high youth population but few services.

Letter From Theodore R. Reiff, M.D., Professor of Medicine, Chief, Division of Geriatric Medicine, Director, Clinical Gerontology Program (Adjunct Professor of Religious Studies, University of North Dakota)

March 16, 1983

Hon. Quentin N. Burdick
United States Senate
Washington, D.C. 20510

Dear Senator Burdick:

Enclosed is the testimony I have prepared, at your suggestion.

I hope it will be helpful in obtaining the necessary and sufficient funds to accomplish the task of having every medical school in the U.S. initiate and develop geriatric medical education to its rightful place.

If, as you indicated, the full request is not obtainable at this time, I would hope that a significant portion would be appropriated for the next fiscal year.

Your original bill of 11-3-1977 was for $3,000,000/year. Hopefully, at least that amount would be initially earmarked for geriatric education in the medical schools.

Many thanks for your continued interest and help.

Kindest professional and personal regards.

Sincerely,

Theodore R. Reiff, M.D.
Professor of Medicine
Chief, Division
of Geriatric Medicine
Director, Clinical
Gerontology Program
(Adjunct Professor
of Religious Studies
U. of North Dakota)

Statement of Theodore R. Reiff, M.D.

Until recently, geriatric medicine has been a much neglected field in both undergraduate and postgraduate medical education. Most medical schools had not had curricula devoted to gerontology, the science of aging, or geriatric medicine, the clinically applied branch of gerontology. In fact, many practicing physicians and academicians have been unaware of the significant advances during the past decade or two in basic gerontology and our knowledge of the aging process. These advances have occurred in the total organizational hierarchy of living systems from the molecule, to the cell, to the organ and organ system, right up to the integrated organism existing in its psychosocial milieu.

Modern theories of aging have developed to the point where they can be considered as defining mechanisms of aging: many have undergone the tests of laboratory confirmation and rest on good scientific foundations. "Cross linking," "free radical theory," "error theory," "pigment accumulation," and a number of other concepts, all of which have significant interrelationships, have helped delineate the molecular mechanisms of aging. Cellular aging theory rest in large part on the "Hayflick phenomenon," which postulates limited cell replication potential as a function of the "age" of the organism whence the cells were derived. Our views on organ and organ system aging derive largely from the type of longitudinal studies initiated several decades ago by Nathan W. Shock at the laboratory of what is now the Gerontology Research Center of the National Institute on Aging, the newest institute of the National Institutes of Health.

This institute, established in the late 1970's under the leadership of Robert N. Butler, has done a great deal to stimulate and enhance the development of geriatric medicine as a credible academic discipline.

Now that methodologies to study immunocompetence are available, we have become increasingly aware of the tremendous importance of the immune system in the aging process. Other important areas in which significant work has been initiated include the role of water loss in the aging process and the much neglected aspects of nutrition in aging. A newly developing Nutrition Institute affiliated with the Tufts University School of Medicine in Boston should provide a wealth on important information required to maintain an optimal state of health during aging. The importance of atrophy in the decreased function of older persons needs to be elucidated further, and the ever-important role of brain function and psychophysiology in human aging is being studied intensively.

All of the above and much other new knowledge have provided and will continue to provide the basis, not only for improving medical management of illness, but also for preventing morbidity and maintaining the health of older persons. Perhaps it has become realistic to think in terms of extending the healthy human life span. To this end it is worth pointing out that there is no biologic or medical evidence to indicate that the potential for the healthy human life span should be less than 10 decades. In fact, there is some reason to believe that it could be longer. Since the number of older persons as a percentage of the population of the United States has significantly increased in the past few decades, and since there has been a real ballooning of life expectation for people in their seventh and eighth decades, it is incumbent upon physicians to become knowledgeable about the "new" fields of gerontology and geriatric medicine. More than ever we need adequate knowledge of how to evaluate and effectively treat older persons.

Although clinical experience in caring for older persons is necessary for effective care, it is not sufficient. We must keep abreast of new developments in gerontology and geriatric medicine. Lack of this knowledge is one of the things that makes physicians feel inadequate in the care of older persons and as a corollary, makes them wish to avoid older persons in their practice. A recent study for the UCLA geriatric group revealed, contrary to expectations and despite the fact that older patients have more involved medical histories and pathology, that the actual time spent by physicians with their older patients was less than with younger patients. It just seemed to the physicians that they were taking more time.

Several years ago the U.S. Senate Special Committee on Aging issued a report on nursing home care in the United States entitled Doctors in Nursing Homes, The Standard Responsibility. The title itself accurately sums up what, to a large extent, has been the abrogation by the medical profession of the care of the institutionalized elderly.

It should be realized that the medical profession is a part-indeed, a very important part, of our society and that governmental policies often act as disincentives for physicians to provide good care to older persons. One example lies in regulations of Medicare that determine reimbursable amounts for medical care. Medicare reimburses for general medical care, surgical care, x-ray and other radiographic procedures, laboratory tests, electrocardiograms, etc., at 80% of "usual, customary, and reasonable" fees without any dollar limit. For psychiatric evaluation and care, Medicare reimburses at 50% of "usual, customary, and reasonable" fees up to a limit of $250 per year. These days $250 will hardly pay for more than a consultation and very few follow-up visits. As a result, older persons with emotional disorders, many of which have been shown to respond very well to appropriate psychotherapy, are treated almost exclusively with psychopharmacologic agents. These, of course, may have an important role as therapeutic adjuncts, but they do not necessarily contribute the main form of treatment. Since older persons are more prone to side effects, idiosyncratic reactions, toxicity, etc. from psychopharmacologic agents, there is much increased morbidity and mortality as a result of inappropriate management of emotional disorders in the elderly. The magnitude of this problem is great: hundreds of thousands of older persons are being inappropriately treated. In effect, our government is telling us that it is not worth spending money on appropriate care of older persons. Other evidence of this comes from the Health Care Financing Administration, that agency of the department of Health and Human Services that controls Medicare. Several years ago, the administrator of that agency - in an internal memorandum to the Secretary of the then Department of Health, Education and Welfare for use in a budget meeting with the President of the United States - submitted a "cost containment" suggestion to encourage life termination of older persons. The suggestion was to have the federal government encourage the adoption of "Living Wills" by older persons that would preclude medical care in the "last year" of their lives. It stated that if only one out of every four elderly persons agreed to this, the savings to Medicare alone would amount to $1.2 billion per year, and further savings would accrue to Medicaid and to the Veterans Administration and Defense Department health programs.

In an article appearing in the June 30, 1978 issue of the Journal of the American Medical Association, I pointed out the chilling similarities between some cost containment suggestions of the U.S Health Care Financing Administration and the rationales utilized by the German government when it was initiating and carrying out its "euthanasia" program. In that enterprise, countless thousands of mentally retarded, emotionally ill, and elderly institutionalized German citizens were put to death by health care professionals, including physicians and nurses. The justification was largely a fiscal one, based upon cost containment.

As a gerontologist and practitioner in the developing field of geriatric medicine, I frequently come accross examples of preventable morbidity and mortality, where the lack of appropriate medical evaluation and care of older persons by institutions and physicians is based upon lack of knowledge in the area of geriatric medicine and "cost containment at all costs." In actuality, this is resulting in "gerocide", which might be considered the ultimate in cost containment.

Actually, application of more knowledge of gerontology and geriatric medicine is the most ethically acceptable method to reduce unnecessary health care costs and assure appropriate and humane care to older human beings.

It is to this end that the National Advisory Council on Geriatric Medical Programs was formed in 1972 to promote and stimulate the development of geriatric medical educational programs in U.S. medical schools. On November 3, 1977, at our request, Quentin N. Burdick, U.S. Senator from North Dakota, introduced a bill to fund geriatric medical education in medical schools in the U.S.A.

In his statement of introduction to the bill, Senator Burdick stated:

> "The training medical students receive in geriatric medicine today is minimal at best. Yet, we are an increasingly older population, and the problems of aging are accounting for a growing portion of our medical dollars. While we cannot stop the process of aging, a more detailed knowledge of gerontology and geriatric medicine could prevent much of the needless suffering and institutionalization our elderly citizens are subject to today."

Senator Burdick has informed us that the essence of his bill authorizing the federal government to provide grants to medical schools to teach geriatric medicine has been enacted into law as part of the Omnibus Reconcilation Act, passed by congress in the summer of 1982. It is my understanding that the Senate Labor/HHS/Education and Related Agencies Appropriations Subcommittee hearing on the Health Resources and Services Administration is holding hearings to recommend the allocation of funds for geriatric medical education. Since U.S. medical schools are finding themselves in the position of having decreasing federal dollars to fund existent educational programs, it is unrealistic to believe that they will have funds to support their plans for and development of geriatric medical education.

We believe it is reasonable to expect that eventually the support of geriatric medical education should require funding equivalent to that which supports pediatric medical evaluation. Unless the federal government is willing to provide medical schools with the bare core of funding for geriatric medical education, the schools will not be able to have the personnel to initiate geriatric programs and to provide the base upon which to build and seek additional funds from other sources.

Ideally, each medical school should have a minimum of $200,000 per year. This would provide the necessary and sufficient amount to establish and strengthen a core department or division of geriatric medicine to which other resources could be added. Although this amount, at first view, might appear to be large it really is not, compared to the funding of other departments or programs of equal importance. The total cost would be under $25,000,000 - less than the cost of one fighter plane.

My colleagues and I urge the appropriation of 1/2 that amount for the next fiscal year, and the full amount for succeeding fiscal years. We would be pleased to supply additional supporting information and testimony, upon request.

Thank you for your time and attention to the above and enclosed.

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It Can Happen Here

SOME recent cost-saving initiative suggestions from the Health Care Finance Administration, a newly created agency of the Department of Health, Education, and Welfare that operates Medicare, Medicaid, and the Professional Standards Review Organization, contain chilling implications. These can be compared with ethical abuses by other governments that resulted in life termination when fiscal rather than medically ethical considerations became the determinant of life-sustaining or life-withdrawal activities.

I hereby make a plea for the health professions to be advocates for increasing rather than decreasing resources devoted to health and medical care.

In an internal memorandum[1] dated June 4, 1977, from the administrator of the Health Care Financing Administration to the Secretary of HEW for use in a budget meeting with the President of the United States, a number of chilling suggestions were prepared that "would produce both Federal and system-wide savings in health expenditures."

In addition to some partially reasonable proposals to improve Medicaid quality control and control of fraud and abuse was a proposal entitled "Constraining the Supply of Physicians." The proposal is based on the premise that physicians are responsible for ordering health care services for their patients. Therefore, a reduction in the number of physicians will lower Medicaid care costs.

From previous governmental criticism of the medical profession for trying to restrict competition, the health care finance administrator now suggests that "the AMA has traditionally sought to limit the number of physicians and, therefore, might not resist" the new governmental attempt to constrain the supply of physicians. The validity of too many physicians rather than physician maldistribution needs to be established. In view of the fact that most physicians are hard pressed to provide optimal care desired by both physician and patient, the American public might disagree with the concept of physician excess.

Another proposal in this memorandum was entitled "Reduce Unwanted Birth." This suggestion states,

> . . . it is possible that close to half the welfare recipients of child-bearing age have unwanted pregnancies in a single year. In 1976, there were 3.5 million AFDC [Aid to Families With Dependent Children] families, nearly all of whom have women of child-bearing age. The costs of caring for these potentially unwanted births, under both Medicaid and welfare, is staggering.

"Covering abortions under Medicaid would be more effective in preventing unwanted births and would have far greater ramifications," as compared with "intensifying Federal birth control efforts." "The cost-savings under either alternative are difficult to estimate, but every unwanted birth prevented saves about $1,000 annually in welfare payments and another $100 in Medicaid funds." The specter of federal agencies promoting abortions of "unwanted" children should be cause for considerable concern.

Finally, the proposal that should be of concern to those interested in human life at the other end of the continuum is one entitled "Encourage Adoption of 'Living Wills.'" It points out, probably correctly, that

> the cost-savings from a nationwide push toward "Living Wills" is likely to be enormous. Over one-fifth of Medicare expenditures are for persons in their last year of life. Thus, in FY [fiscal year] 1978, $4.9 billion will be spent for such persons and if just one-quarter of these expenditures were avoided through adoption of "Living Wills," the savings under Medicare alone would amount to $1.2 billion. Additional Federal savings would accrue to Medicaid, the VA and Defense Department health programs.

An interesting comparison would be that of money saved per patient dying and the cost:benefit ratio of the "police action" during the Vietnamese War. In that enterprise, the expenditures, more than $30 billion per year during the peak years, when divided by the number of Vietnamese killed by the United States, gave a cost:benefit ratio of more than $180,000 per death.[2]

Although quantitatively of a different order of magnitude, it should be remembered[3] that in the 1930s, the Nazis began a program of euthanasia, in which nonproductive "senile" Germans were institutionalized and put to death by medical personnel. Although many of the German people were aware of this medical perversion, the philosophical acceptance of this "pragmatic" practice had been subtly introduced by a number of techniques.

In the mid and late 1930s, an interesting change became evident in some of the arithmetic textbooks used in German primary schools. For example, the usual problem of finding out how many eggs, at 12 marks/dozen, a person could buy with 100 marks was changed; the question became, how many Aryan couples can be subsidized to have a child for the Third Reich, at 10,000 marks per couple, for the 40,000 marks it costs each year to keep alive in a nursing home one elderly, senile person who cannot be rehabilitated back to useful work and is of no value to the Reich?

There is real danger that the federal health care policy might be determined, as it often has been in the past, by fiscal constraints rather than by the needs of patients and the professional expertise of their physicians.

There is much fear and defensiveness on the part of physicians and the public concerning the high cost of medical and health care. Efficiency, avoidance of waste, and appropriate utilization are to be sought. However, good medical and health care is and will continue to be expensive. Nevertheless, this does not mean we should tolerate a lower governmental fiscal priority for this kind of care.

It is accepted that the cost of this care should be somewhere between 0% and 100% of our national budget. Who is wise enough to say that 8% or 10% is too much? Perhaps fewer resources would be available to waste on less productive and more destructive activities if we increased the resources devoted to health and medical care and other constructive work in our society. It should be noted that there are many forces in society willing, on the basis of fiscal and other expediencies, to compromise human life without the health professions contributing to this role.

THEODORE R. REIFF, MD
University of North Dakota
Grand Forks

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1. Derzon RA: Additional Cost-Saving Initiatives—ACTION. Health Care Financing Administration Memorandum, June 4, 1977.
2. Tauber BR: *The War in Vietnam*. New York, Workman Publishing Co, 1970, p 7.
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STATEMENT OF THE AMBULATORY PEDIATRIC ASSOCIATION

The Ambulatory Pediatric Association is an organization founded twenty years ago and represents a membership of 1200 Pediatricians and allied health professionals. The organization's mission is to promote excellence in education, patient care to children in families, and research in the field of General Pediatrics. Most of its members are deeply involved with full time Departments of Pediatrics and in that capacity are dedicated to what the Health Professions Education Assistance Act of 1976 was established to accomplished. These individuals are the teachers of General Pediatrics to the young, Pediatric Residents who someday, following those role models, are practicing and will continue to do so in the community. In view of the important role this legislation has played in furthering this training and fostering General Pediatrics as a desired, ultimate career, The Ambulatory Pediatric Association is seriously concerned about the reduced level of funding available in FY1983 and the proposed furtherance of this decreased level in 1984.

Since the inception of this act, there have been well over 60 programs begun and developed in Primary Care Pediatrics. These programs, now representing some 250 first year positions annually are in urban medical school programs, rural community based medical school programs, and in community hospitals. The education which takes place under the auspices of these grantsinclude the following important areas:

1) Training in an ambulatory experience where responsibility is assumed for children over a continuous period of time. This emphasis on continuity of care is important for the families being cared for, numbering in the millions throughout the nation, and for the young, Pediatric trainee. This emphasis on education through a continuity of care model is a marked change from previous models where trainees were trained primarily on hospital wards, newborn intensive care units, or emergency rooms. Residents must spend 25% of their time in a continuity of care experience rather then 10% or less as had been the case prior to this legislation.
2) Primary Care Pediatric Residents acquire skills and knowledge in orthopedics, dermatology, adolescent gynecology, and other areas which previously might have been referred

to a more expensive subspecialist but should be within the scope of problems dealt with by the General Pediatrician.

3) Primary Care Residents are taught by example, as well as by specific preceptorial General Pediatricians. The Faculty supported by grants resulting from this legislation are the role models who are crucial to the choice of a career in General Pediatrics by these trainees.

4) Primary Care Pediatric Residents are taught to care for children out of the hospital, as much as possible, in a cost effective, humane, and caring fashion. Comprehensive, preventive health care is the thread which runs through all of the educational programs in Primary Care Pediatrics.

In the past seven years, as a result of this legislative act, there has been a large shift in the number of programs emphasizing this type of training. As a result the following things have been accomplished:

1) Millions of children, previously with no Pediatric provider have now been receiving their care from one health care provider in a continuous fashion, rather then in an episodic fashion.

2) Hundreds of Residents in Primary Care Pediatrics have been exposed to this important career and, as a result, in many programs a far greater per cent have chosen careers in General Pediatrics rather than a sub-specialty.

3) Faculty in Primary Care Pediatrics have been developed and supported; these faculty are crucial to the career choice of these trainees.

4) Finally, and most importantly, young Pediatricians have begun to appear in urban and rural settings where previously there had been none.

We join our colleagies in the field of General Internal Medicine (SREPCIM) in calling strong attention to the serious potential losses if the funding for these grants are allowed to be kept at this present level. The importance of the training grants to the support of residents and faculty in General Pediatrics cannot be overstated. Our current practices of paying Physicians and hospitals encourage the development of faculties dominated by subspecialists and residency tarining programs focused on technology-intensive inpatient services. By explicitly funding ambulatory care teaching, the residency training grants have provided Departments of Pediatrics with an incentive to add faculty to thier ranks who are interested in General Pediatrics and whose training includes substantial experience in ambulatory care.

Unfortunately, the future of training in General Pediatrics has been placed in serious jeopardy last year when the support for these grants was cut from $16.2 million to 11.4 million. This appropriation wll probably allow for fund of only 8 of 36 approved grants. Thus, for the first time in the history of this legislation there will be approved but unfunded programs. Excellent programs with established track records will, no doubt, go unfunded and will probably disappear.

The authorization for general internal medicine and general pediatrics for fiscal year 1984 is $20.0 million, however the Administration has only requested an appropriation of $12.0 million. This level of appropriation would also result in approved and unfunded programs in the year to come. In projections developed with SREPCIM it appears that at least $18.0 million would be required to fund all approved applications in fiscal year 1984. Given the success of these residency programs, and the importance of much work to be done, we hope you will consider this higher funding level.

In view of the substantial number of health care problems facing our young and old population alike, the fields of Primary Care Pediatrics and Internal Medicine represent crucial areas who must have the man power to meet these challanges and bring a higher level of health care to all Americans.

Senator INOUYE. Now we begin a different category, elementary and secondary education. I know that these lights are most disturbing. I would be disturbed if I was sitting there, to have those lights blinking at me, but the staff has decided that if we are to leave here in time for lunch, these lights will have to be followed. The yellow light means that you have 1 minute to go, but as you can see, I am colorblind, so don't take advantage of me, please—no, I am not really colorblind. [Laughter.]

STATEMENT OF GREGORY A. HUMPHREY, DIRECTOR OF LEGISLATION, AMERICAN FEDERATION OF TEACHERS

Senator INOUYE. Our first witness is the director of legislation of the American Federation of Teachers, Mr. Gregory Humphrey.

Mr. HUMPHREY. Thank you, Mr. Chairman. I really am colorblind, but I do know the signals.

The American Federation of Teachers is a union of 575,000 members who have a keen interest in your deliberations, especially in the area of education. This is the first week after the report of the President's Commission on Education Excellence, and that report made many well-founded criticisms of public education. What remains to be seen, however, is whether or not the results of that report will be to stimulate the Congress and the Federal Government to take its fair share of the responsibility for improving education in our country. For the last 2 years, we have seen vital programs in elementary and secondary education and post-secondary education cut back, block granted, zero funded, and in some cases even eliminated, in the name of a new economic program, and of austerity, that was designed to revitalize our economy, and lift the whole country on the basis of an economic renaissance.

In fact, the results have proven to be quite different from the legislative program of the Reagan administration. It is clear that there has never been a shortage of dollars for education programs. There is only a shortage of dollars when it comes to public education programs. The President continues to press the Congress for the enactment of new spending in the area of tuition tax credits. Just last week, the Senate Finance Committee had a hearing on that topic. They made it clear they intend to report a bill to the Senate that would in the long run provide billions of dollars through tax subsidies for the 10 percent of the parents and children who use private and parochial schools. The only conclusion one can draw from this is that resources are not lacking to support education. What's lacking is the will to spend the money on public education and programs that the overwhelming majority of our children need and are well served by.

You have an opportunity to set things right. As a first step, we urge this subcommittee and the full Appropriations Committee to bring an appropriations bill to the floor this year for the deliberation of the entire Senate. The past several years being included in the continuing resolution has not served education well, and the practice of lumping education funding into the bill that has to be passed in order to keep the Government running does not permit for reasonable consideration of what's needed in education. If this report of the President's commission is anywhere near accurate—we believe in many cases it is—what is needed is greater deliberation by the Federal Government, by the Congress, for specific programs.

I want to take 1 minute just to highlight the programs that we think are most important.

The greatest single program of aid to elementary and secondary education is ESEA title I, now known as title I. It is a large compensatory education program designed specifically to help students who are economically disadvantaged, increase their basic educational skills. Currently 5.4 million students are served in virtually every local school district in our country; 4.2 million of these students receive extra help in reading; 2.5 million receive extra help in math. Obviously, some receive both. An additional 658,000 children are served by State-operated programs for migratory, handicapped, and neglected/delinquent children.

Of the 5.4 million children, 51 percent are white, 29 percent black, 16 percent Hispanic, and scattered all over the country's, rural, urban, small city, large city districts.

What needs to be said about title I is that it works. The most recent national assessment of education progress came to the following conclusion: disadvantaged youngsters and low-achieving students made considerable gains, especially in elementary schools. It should be pointed out that title I is largely restricted to elementary schools, because funding has never permitted it to expand in secondary schools.

They attribute this success to federally funded compensatory education programs, and the back-to-the-basics movement in reading. The history is clear. Title I works. It operates to the assistance of children who need it most, and it is a wise investment of Federal dollars, we believe.

This year the allowable amount is $3.48 billion. We urge the appropriations subcommittee to provide that amount. It's needed, can be well used, and would clearly turn around the trend of declining participation in title I.

Currently only about 45 percent of the students who are eligible for title I services are served. My statement contains other recommendations for many other areas of education, but I did want to take the time to highlight that which I think is most important. I thank the committee for its time and interest.

Senator INOUYE. Thank you very much. I can assure you that the subcommittee will, once again, respond to the call.

Mr. HUMPHREY. Thank you, Mr. Chairman.

Senator INOUYE. I welcome back the chairman.

Senator WEICKER. Stay right where you are.

[The statement follows:]

STATEMENT OF GREGORY A. HUMPHREY

I would like to thank you on behalf of the American Federation of Teachers, AFL-CIO, for this opportunity to appear and present our views to this important Subcommittee. The AFT is a Union of 575,000 teachers, school-aides, nurses and other health and education workers who have a keen interest in the results of your deliberations.

For two years we have seen vital education programs such as ESEA Title I, School Desegregation Aid, Impact Aid and Vocational Education cutbacks in this Committee. Other important programs have been zero-funded or eliminated. These actions were taken in the name of a new economic program which would, we were told, so-energize our economy that all sectors of our society would benefit. Austerity is only expected for public education. The facts have proven to be quite different. There never has been a shortage of dollars for private education programs. The President continues to press the Congress to enact a Tuition Tax Credit bill which would ultimately provide billions of dollars to benefit the 10% of our population that chooses to use private and parochial schools. Tax expenditures of all types are advanced by the Reagan Administration to benefit education for those who are not in need. We believe that resources are available and the only thing lacking is a will to spend them on programs that serve all our school children. Accordingly, we ask you to make F.Y.'84 the year education funding turned around.

You have an opportunity to set events right, beginning with the F.Y.'84 Education Appropriations Bill. The AFT urges you to bring an Appropriations Bill to the Senate floor for action early this year. We believe that the most important first step towards rebuilding aid to education is to end the past three years of inaction on this vital bill. The entire Senate should express its will on education funding not just the Appropriations Committee. We recommend the following funding levels for education programs:

ELEMENTARY AND SECONDARY EDUCATION

Educational opportunities for over a million children have been sacrificed hrough cuts, freezes and inflation. This trend must be reversed and the program to begin with is ESEA Title I (now known as Chapter 1), the most important program of aid to elementary and secondary education. ESEA I forms the corner-stone of the federal government's school aid package. Some of the major features of Title I are: Title I serves 5.4 million students in local school districts in every state of the Union; 4.2 million of these students are receiving extra instructional help in reading, and 2.5 million are receiving extra help in math (obviously, some are receiving both). An additional 658,000 children are served by state-operated Title I programs for migratory, handicapped and neglected or delinquent children. Of the 5.4 million children, 51% are white, 29% black and 16% hispanic. 35% live in rural areas, 30% in small cities and 24% in large cities. By our last estimate, Title I funds were used to employ 200,000 teachers, paraprofessionals and other professional staff and to provide training to 186,000 Title I teachers and paraprofessionals and 114,000 non-Title I teachers.

In addition, Title I generates a tremendous amount of involvement by over 500,000 parents of Title I children. Title I programs provide smaller classes, additional instruction in reading and math, and have generated many exemplary programs: of the 140 programs nation-wide designated as outstanding by the Education Department, 53 were funded by Title I.

The WASHINGTON POST recently carried a report of a study done by the Education Commission of the States known as the National Assessment of Education Progress. This study concluded that "disadvantaged youngsters and low-achieving students made considerable gains especially in elementary school. Black low achievers recorded the biggest gains, improving their reading and mathematical abilities and holding their own in science." The study ascribed the gains to federally funded compensatory education programs and the "back to basics" movement in reading. This is only the latest evidence of the effectiveness of Title I. Other studies have shown similar results. Despite this study and every other bit of evidence to the contrary, the Reagan Administration's plan to destroy Title I do not change. Their program is, block grant it, voucher it, do anything but support it. The history is clear, in previous years budget cuts of draconian proportions were sought for Title I. Now that this strategy of cutting Title I funds in-half has failed, a more sophisticated assault is tried: seek rescissions for 1983 and in F.Y.'84 convert Title I into a voucher program and destroy Title I as a compensatory education program for disadvantaged children.

It is clear that no amount of evidence of Title I effectiveness or parental or teacher support will convince the Reagan Administration to relent. They truly march to a different drummer and are unconcerned with the facts of this case. We believe the Congress must begin the process of restoring Title I services to the more than 1 million children who have lost them over the past two years. Your budget for elementary and secondary education should include the assumptions that Title I will be funded at the maximum amount allowed under the law. Currently, $3.48 billion is authorized to be appropriated for Title I. The House Education and Labor Committee reported legislation to allow additional funds for this program. Clearly, more than $3.48 billion is needed. At least, #3.8 billion is required to return to a level of service.

MATH AND SCIENCE

The study that established Title I as a successful federal compensatory education program also pointed out an area of growing concern in our schools--deficiencies in math and science instruction. While the students who needed help the most were beginning to receive and benefit from such help, students who could be expected to achieve more than normal were not doing as well. This study said schools did not "help high achieving students continue to demonstrate the potential they showed in elementary school."

A drop in science scores among "white high achievers" was particulary dramatic. A 4.2% drop among 11th graders, 4.1% drop among 8th graders, and a 2.4% drop among 4th graders was noted. These problems developed because of "an emphasis on compensatory reading" and, "a short supply of teachers in math and science."

What was really being stated is that a similar program to Title I is needed for math and science. When the federal government attempts to improve education and places some resources behind the effort, good results can be achieved. The House of Representatives has passed a bill, H.R. 1310 to begin the teacher training necessary to turn the science and math crisis around. The Senate Committee on Labor and Human Resources has a companion proposal before it. These bills would authorize approximately $400 million to begin a federal science and math initiative. We urge you to provide this minimal funding as down-payment on solving a problem that has taken many years to develop and will take many years to resolve.

U.S. standing in the world is in doubt, all our international competitors are far ahead of us when it comes to educating future scientists, engineers, mathematicians, and linguists. Even the U.S. advantage in the so-called high tech industries seemed to evaporate with the announcement that Atari, a symbol of high tech, is moving its production facilities overseas. It is plain to see that without investment in education and training and a new educational strategy, our school system may not produce the kind of trained personel needed to make our economy function at a competitive level.

VOCATIONAL EDUCATION

The needs of education in math and science also apply to vocational education. The answer of the Reagan Administration to the changing world of work is a 40% cut from the current policy level for vocational and adult education. This proposal was rejected by Congress last year and should be rejected again! It is sad to be led at this critical time by an Administration without the foresight to prepare our children to meet the future. This vacuum must be filled by Congress.

This year, we believe, that the Vocational Education Act should be funded at $1 billion. The new funds provided should be designated to meet the needs of those students who do not plan to go on to an academic post-secondary education. But, we must remember that the primary job skill is literacy and the ability to think. Vocational education is in need of an overhaul of its' capital plant, new skills cannot be learned on 40-year old equipment. The Vocational Education Act must be fine-tuned to meet the needs of the 21st century and this year is the time to start.

EDUCATION FOR THE HANDICAPPED

Another area of concern to AFT members is the EDUCATION FOR THE HANDICAPPED. P.L. 94-142 has never been adequately funded. This law is a prescriptive federal program that requires much of local school districts and teachers but provides little by way of help in getting the job done.

We believe that the Appropriations Bill must provide for an increase in P.L. 94-142 funding. If Congress will not provide the funds needed to operate the optimum program required by P.L. 94-142 it should come as no surprise when the pressure builds for massive change in that law. The decline of P.L. 94-142 support must be reversed.

We also believe that funds should be made available to help bring programs such as Impact Aid, ESEA Chapter II, Bilingual and Indian Education back to their previous levels. The losses sustained by these programs were never justified and should now be reversed. ESEA Chapter II should be funded at $579-million--the full amount authorized by law. Impact Aid should be funded to allow the so-called Category "B" children to participate.

POST-SECONDARY EDUCATION

Above all, post-secondary programs need stability. All of the changes in these programs over the last few years have only added to the confusion of students and institutions everywhere. The AFT represents more college faculty than any other national organization. Accordingly, we are greatly concerned with the post-secondary proposals of the Reagan Administration. While details of the new "self-help" proposal are confusing, it is clear that, like the Title I voucher, this is needless meddling with programs that work. Problems that exist with post-secondary aid programs are problems that exist in the economy generally. GSL's are expensive because interest rates have been at their highest levels in history.

The recent decline in interest rates has lessened the pressure on the loan programs and should make costs more manageable. Guaranteed Student Loans are still needed by hundreds of thousands of students. Greater support for the existing Pell Grant program is needed, not a Rube Goldberg machine designed to satisfy the ideological requirements of the current Administration. Other campus-based programs fill the gaps in financing college costs faced by most students.

Now is the time to begin the process of rebuilding aid to education. The Congress must become the arena for advancing the nation's interests in education. The short-sighted educational philosophy of this Administration must be replaced by a policy that encourages the education system of our Nation. We must rebuild support for education, the place to start is in this Appropriations bill.

STATEMENT OF DR. JOHN A. DiBIAGGIO, PRESIDENT, UNIVERSITY OF CONNECTICUT, ON BEHALF OF THE AMERICAN COUNCIL ON EDUCATION

Senator INOUYE. At this time, I would like to call upon the president of the University of Connecticut, representing the American Council on Education, Dr. John A. DiBiaggio.

I believe you are someone special, Doctor.

Dr. DIBIAGGIO. There's a Senator here from Connecticut.

Senator WEICKER. Is that good or bad, John? [Laughter.]

Dr. DIBIAGGIO. Thank you very much. I apologize to the other witnesses, but I do have to testify before a judge this afternoon in Philadelphia, and I must catch a plane to make that appointment.

Senator, I am here today testifying for 16 higher education associations, all of which are listed in the front of our formal testimony. I am chairman of the committee on Government relations for the American Council of Education, as well as chairman of the committee on Federal legislation for the National Association of State Universities and Land-Grant Colleges.

Despite current concern about the size of the Federal deficit, we do not believe the Federal Government can afford to abandon its role in equalizing educational opportunity. This has been a bipartisan goal supported by every administration since President Eisenhower, as you all well know, and funded with the leadership of this subcommittee by each succeeding Congress for over 25 years. Therefore, our statement will deal primarily with the student assistance programs authorized by titles IV and IX of the Higher Education Act of 1965.

Our recommendation is that these programs be funded at least at the level of support authorized by the Reconciliation Act of 1981. Another year of level funding, even without the radical reallocations proposed by the administration, would seriously undermine the effectiveness of Federal student aid. Since fiscal year 1980, funding of the need-based aid programs has declined 23 percent in constant dollars. If social security and veterans' educational benefits are included—and these two programs in the final stages of phaseout were the largest Federal student aid programs in fiscal year 1980, you all recall—Federal student assistance has declined 32 percent, in constant dollars.

Let me turn to some of the specific programs. The serious erosion in the value of the Pell grant is illustrated by the fact that it will meet only 25 percent of the average cost of attendance and only 16 percent of the cost for students at independent institutions, unless the maximum is increased in fiscal year 1984.

Recent studies present disturbing evidence of the impact of this erosion in the value of Federal aid. Research undertaken for the congressionally-appointed National Commission on Student Financial Assistance has shown a marked decline in postsecondary enrollments of low-income students. This, we believe, is directly attributable to the failure of aid to keep pace with rising costs.

The National Institute for Independent Colleges and Universities has reported a 39-percent decline in the enrollment of students with family incomes between $6,000 and $24,000 from fiscal year 1979 to 1981. Similar declines, of course, have been reported in some parts of the public sector.

Therefore, we recommend to you that the Pell grant program be funded at least at the Reconciliation Act level for fiscal year 1984, or $3 billion. This would allow for a modest increase in the Pell grant maximum, which would partially restore the value of the award while maintaining middle-income student eligibility.

For the supplemental educational opportunity grant program, we recommend funding at $440 million, the ceiling that is proposed in the Hollings-Stafford amendment to the budget resolution now pending on the Senate floor.

Approximately 70 percent of the SEOG funds are awarded to students with family incomes of less than $15,000 per year. This program's effectiveness also has been substantially eroded in the past 3 years, even though data from the Department of Education's latest annual evaluation report notes that the SEOG program continues to target its funds on lower-income students to a greater degree than most other aid programs.

Our recommendation for State student incentive grants is $77 million. The restoration of $17 million would bring the program to its fiscal year 1980 level and its ceiling under the Reconciliation Act, and that is all that we are asking for.

In terms of the national direct student loans, we recommend an appropriation for new Federal capital of $286 million, which will support 400,000 loans to needy students, and I must emphasize all of these programs are for needy students.

In the area of college work-study, we believe funding for that program, which was increased $40 million over its $550 million ceiling in fiscal year 1983, by the emergency jobs bill enacted in March, should now be funded, therefore, at $590 million in fiscal year 1984, to avoid reducing the more than 1 million self-help opportunities the present level provides for low- and middle-income undergraduate and graduate students.

We urge the subcommittee to provide a further increase for college work-study to at least $640 million, the ceiling proposed in the Hollings-Stafford amendment to the budget resolution.

In addition to those programs authorized by title VI, other important student aid programs are authorized by title IX of the Higher Education Act. We recommend $14 million for the graduate and professional opportunities program and public service fellowships; $1 million for assistance for training in the legal profession; and $1 million for law school clinical experience.

We also recommend $170 million as authorized by the Reconciliation Act for Upward Bound, Talent Search, special services, educational opportunity centers, and staff training grants, the so-called TRIO programs. These programs are of proven value in encouraging the participation and retention of disadvantaged youth in colleges.

And I must state, Senators, this has been one of the most successful programs Congress has ever supported. We believe they should, therefore, receive a modest increase to permit greater access to these important services.

In addition to student aid, a number of categorical programs provide important assistance for a variety of national purposes. Two of these have a very special priority, we think: Title III of the Higher Education Act, developing institutions; and title IV of the Higher Education Act, which is international studies, as you are all aware. We strongly support the administration's request for $134 million for title III. Regarding our priority concern for international education, we urge this subcommittee to approve the reconciliation level of $30.6 million.

The administration's proposed elimination of title IV and Fulbright-Hays programs would do irreparable harm to the Nation's capacity to understand and interact with the rest of the world. If you don't trust our testimony, let me read from a letter that was sent by Secretary Weinberger to Secretary Bell——

Senator Weicker. John, you have got to watch that red light. It's been on for a long time.

Dr. DiBiaggio. I understand that. I am just about finished, Senator.

Secretary Weinberger writes: "I am seriously concerned about the zero funding of this program, and would urge you to consider restoring these funds, at least to the 1983 level. My concern is shared by other officials within the Department of Defense." And he concludes his letter by saying: "Consequently, I would urge you consider restoring and if possible increasing the funds for international education and foreign language studies."

Thank you very much. Sorry about going over.

Senator Inouye. Thank you very much, Mr. President.

Senator Weicker. John, I think it's necessary to state how hard you have fought along all these lines during this period of cuts this year and years past. I thank you for all the good work you are doing for education, and for your testimony here today.

Dr. DiBiaggio. We thank you for your past support, and welcome this opportunity to testify once again.

Senator Weicker. This is the guy that got me into trouble by getting me to chair this committee. I don't know what to do, whether to kill him or what.

Senator Inouye. He's a soft touch on education. [Laughter.]

[The statement follows:]

Statement of Dr. John A. Di Biaggio

We appreciate this opportunity to present recommendations for the FY 84 appropriations bill for higher education programs administered by the U.S. Department of Education. Our statement is endorsed by the organizations listed on the cover page whose members educate the citizenry of the nation and contribute importantly to its security needs, the productivity and innovation of its economy, and the state of its health. These institutions are as diverse as our nation and include independent, community, state, historically black and land-grant colleges, and research universities.

For our highest priority, we urge the Congress to maintain the national commitment that no student of ability be denied an opportunity for a postsecondary education because of financial need. There is clear evidence that cuts made by the Reconciliation Act of 1981 have restricted postsecondary opportunities. We appreciate the role this Subcommittee has played in mitigating the harshness of these cuts by rejecting the most damaging budget recommendations.

Despite current concern about the size of the federal deficit, we do not believe that the federal government can afford to abandon its role in equalizing educational opportunity. This has been a bi-partisan goal supported by every Administration since President Eisenhower, and funded with the leadership of this Subcommittee by each succeeding Congress for over 25 years. The Administration's budget recommendations, while maintaining last year's levels for student assistance, would substantially alter the direction and mix of the aid programs. Such proposed changes should properly be considered during the reauthorization of the Higher Education Act, not in the appropriations cycle. We understand the Subcommittee has made this point clear to Department officials, and we support this view.

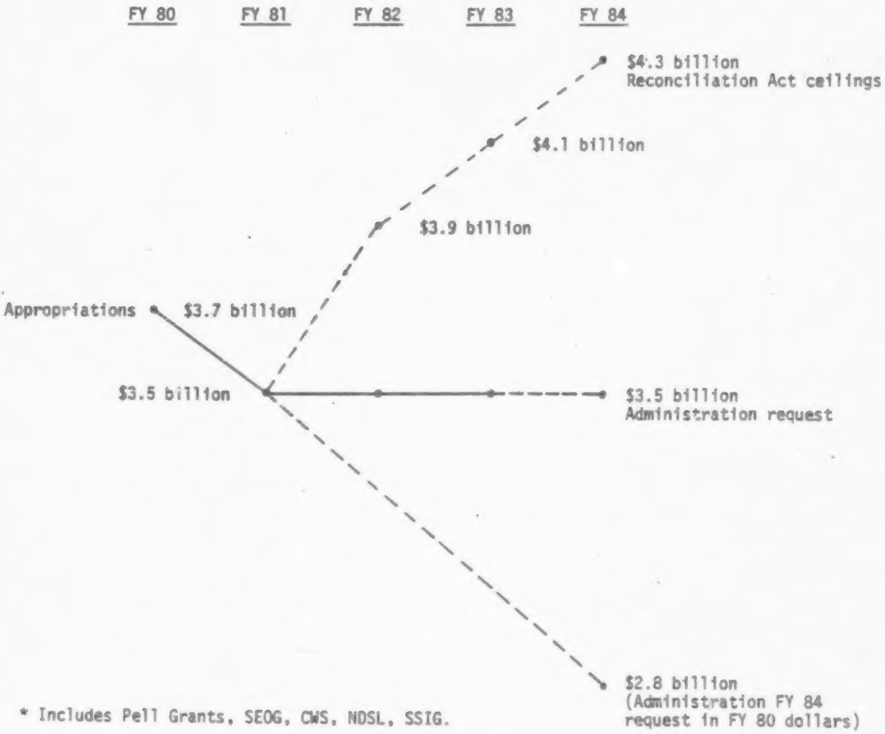
Therefore, our statement deals primarily with the student assistance programs authorized by Titles IV and IX of the Higher Education Act of 1965. These programs have expanded during the last two-and-a-half decades because of their success in achieving their stated purposes. Twenty-five years ago this fall the Congress passed the National Defense Education Act, and at that time high-ability, low-income high school graduates only had approximately a

40 percent chance of attending college. By 1980, almost 75 percent of high-ability, low-income high school graduates expected to attend college. This fact is a tribute to the bipartisan commitment of past Administrations and Congresses.

Our recommendation is that these programs be funded at least at the level of support authorized by the Reconciliation Act of 1981. Another year of level funding, even without the radical reallocations proposed by the Administration, would seriously undermine the effectiveness of federal student aid. Failure to keep pace with inflation in recent years has already eroded the value of student aid seriously (See Chart A). Since FY 80, funding of the need-based aid programs has declined 23 percent in constant dollars. If social security and veteran's educational benefits are included -- and these two programs in the final stages of phaseout were the largest federal student aid

CHART A

Erosion of Federal Student Aid* Funding Since FY 80



* Includes Pell Grants, SEOG, CWS, NDSL, SSIG.

programs in FY 80 -- federal student assistance has declined 32 percent in constant dollars.

Pell Grants

The maximum Pell Grant first provided $1,800 to the neediest students in FY 79. At that time, the award represented 46 percent of the average cost of attendance at all institutions (although only 28 percent of the cost for students attending independent institutions). The serious erosion in the value of the Pell Grant is illustrated by the fact that it will meet only 25 percent of the average cost of attendance -- and only 16 percent of the cost for students at independent institutions -- unless the maximum is increased in FY 84.

Recent studies present disturbing evidence of the impact of this erosion in the value of federal aid. Research undertaken for the Congressionally-appointed National Commission on Student Financial Assistance has shown a marked decline in postsecondary enrollments of low-income students; this is directly attributable to the failure of aid to keep pace with rising costs. The National Institute for Independent Colleges and Universities has reported a 39 percent decline in enrollment of students with family incomes between $6,000 and $24,000 from FY 79 and to FY 81. Similar declines have been reported in some parts of the public sector.

Therefore we recommend that the Pell Grant program be funded at least at the Reconciliation Act level for FY 84, $3.0 billion. This would allow for a modest increase in the Pell Grant maximum which would partially restore the value of the award while maintaining middle-income student eligibility.

Supplemental Educational Opportunity Grants (SEOG)

For the SEOG program we recommend funding at $440 million, the ceiling proposed in the Hollings-Stafford amendment to the Budget Resolution now pending on the Senate floor. This would provide supplemental grants to approximately 730,000 students in FY 84, thus reversing the current trend that has seen an estimated 25,000 students dropped from the program since 1980.

This program is targeted on undergraduate students with substantial financial need and is especially critical for students attending higher-priced public and independent institutions, and single parents resuming their higher education or seeking retraining. Approximately 70 percent of the SEOG funds are awarded to students with family incomes of less than $15,000 per year. This program's effectiveness also has been substantially eroded in the past three years, even though data from the Department of Education's latest Annual Evaluation Report notes that the SEOG program continues to target its funds on lower-income students to a greater degree than most other aid programs.

State Student Incentive Grants (SSIG)

Our recommendation for this state-based program is $77 million. The restoration of $17 million would bring the program up to its FY 80 level and its ceiling under the Reconciliation Act. The Administration proposes to eliminate the SSIG program, jeopardizing funds that must be matched by the states, and which cumulatively account for 240,000 awards. Although many states overmatch the federal contribution, at least 15 states rely on the federal share for 45 to 50 percent of total funding.

National Direct Student Loan (NDSL)

Again the Administration recommends the elimination of this valuable program. We recommend an appropriation for new federal capital of $286 million, which will support 400,000 loans to needy students. This will be in addition to those estimated 680,000 students supported by the institutions' revolving funds. Colleges generally use these funds for students who would have difficulty securing commercial loans. Some 600 institutions have revolving status, but some 2,500 institutions throughout the country would have to cut back on loans substantially if federal capital contributions are eliminated as the Administration requests. Colleges indicated a need for over $921 million in new federal capital for Academic Year 1982-83.

College Work-Study (CWS)

Funding for the College Work-Study program was increased $40 million over its $550 million ceiling in FY 83 by the Emergency Jobs Bill enacted in March. Therefore CWS must be funded at $590 million in FY 84 to avoid reducing the more than one million self-help opportunities the present level provides for low- and middle-income undergraduate and graduate students.

We urge the Subcommittee to provide a further increase for CWS, to at least $640 million, the ceiling proposed in the Hollings-Stafford amendment to the Budget Resolution. This would create 100,000 additional jobs for needy students. The Administration is requesting a $260 million increase. There is ample justification to increase CWS: demands on the program are high due to cutbacks in Social Security education benefits, the restriction of loan availability, the decline of graduate fellowship opportunities, and the scarcity of off-campus jobs due to the downturn in the economy. Not only is it important to increase work opportunities to meet college costs, it is important for educational reasons as well: recent studies have shown that part-time employment is positively correlated to student retention and completion rates.

Guaranteed Student Loan (GSL)

As we predicted to the Subcommittee last year in our testimony, the restrictions imposed by the Reconciliation Act have successfully reduced loan volume. Also the cost of the GSL has further been reduced by the lowering of interest rates. Therefore we do not support the further changes requested by the Administration, since costs have been substantially cut and any further GSL changes would be administratively burdensome, confusing and unfair to loan recipients.

Graduate Fellowships

In addition to the programs authorized by Title IV, other important student aid programs are authorized by Title IX of the Higher Education Act. We recommend $14 million for the Graduate and Professional Opportunities Program (GPOP) and Public Service Fellowships (Parts A and B), $1 million for Assistance for Training in the Legal Profession (Part D), and $1 million for Law School Clinical Experience (Part E). The Administration proposes terminating funding for these programs.

Special Programs for the Disadvantaged

We recommend $170 million as authorized by the Reconciliation Act for Upward Bound, Talent Search, Special Services, Educational Opportunity Centers, and staff training grants. These programs are of proven value in encouraging the participation and retention of disadvantaged youth in college; they should receive a modest increase to permit greater access to these services.

Higher Education Categorical Programs

In addition to student aid, a number of categorical programs provide important assistance for a variety of national purposes. Two of these have a special priority: Title III of the Higher Education Act (Developing Institutions) and Title VI of the HEA (International Studies).

We strongly support the Administration's request for $134 million for Title III. These grants are made to colleges with low average expenditures and high percentages of students receiving federal need-based aid, to improve their academic quality, institutional management and fiscal stability.

Regarding our priority concern for international education, we urge the Subcommittee to approve the reconciliation level of $30.6 million. The Administration's proposed elimination of the Title VI and Fulbright-Hays 102(b)(6) programs would do irreparable harm to this nation's capacity to understand and interact with the rest of the world in diplomacy, commerce, strategic assessments, and conflict resolution. Generations of highly trained scholars are passing from the scene without replacement, intelligence agencies have an admitted shortfall in their own requirements for such persons, and business has only begun to rely on the expertise generated by Title VI centers. At a time when national economic and security issues are in the forefront of concern, funding for these programs should be rising rather than declining.

We oppose the Administration's request to reduce funding for the Fund for the Improvement of Postsecondary Education (FIPSE) to $6 million from current levels of $11.7 million. FIPSE has increased its importance as a source of support for innovations that make higher education more accessible and more effective. This is demonstrated by a 70 percent continuation rate after expiration of funding, and an application rate in FY 81 of 2,250 proposals for 71 funded grants. We urge support for the Fund at its FY 84 reconciliation level of $13.5 million.

The Administration would eliminate or reduce most other categorical programs. We recommend their funding at reconciliation levels, as listed in the attached table.

We ask the Subcommittee to direct that revolving funds from the College Housing Loan program continue to be made available for new loan commitments, in order to avoid discontinuing this important program as the Administration has requested. We appreciate the Subcommittee's effort on behalf of this program in prior appropriations bills.

The Administration did not request funds for Urban University Grants, authorized by the 1980 Amendments to encourage use of the knowledge and expertise of urban institutions, in cooperation with local governments, to serve their communities. We support initial funding of $5 million to implement this significant new policy tool for dealing with urban problems.

The Administration has proposed combining vocational education and adult education into a block grant and limiting the combined appropriation to $500 million. We urge the Subcommittee to reject this extremely low figure. We recommend that $735 million be appropriated for vocational education and $100 million for adult education, the reconciliation figures agreed to by Congress.

Finally, although no authorization has been passed for new mathematics, science and technology initiatives, such action is probable and imminent. In concert with the entire education community, we urge this Subcommittee to approve funding for this initiative at the earliest possible date, and to accord this initiative the highest level of funding consistent with Budget Resolution and authorization ceilings.

SUMMARY OF HIGHER EDUCATION ASSOCIATIONS' RECOMMENDATIONS

	FY 83	FY 84 Admin. Request	FY 84 Higher Education Recommendations
Student Aid:			
Pell Grants	2.419 B	2.713 B	3.0 B
SEOG	355.4 M	0	440 M
CWS	590 M	850 M	640 M
NDSL	178.6 M	0	286 M
SSIG	60 M	0	77 M
GSL	3.1 B	2.047 B	
TRIO	154.7 M	35 M	170 M
Graduate Fellowships			
GPOP & Public Serv.	11.9 M	0	14 M
CLEO	1 M	0	1 M
Categorial Support:			
Title II			
A (College Libraries)	1.9 M	0	5 M
B (Library Res. Trng.)	0.9 M	0	1.2 M
C (Research Libraries)	6.0 M	0	6 M
Title III (Developing Institutions)	129.6 M	134.4 M	134.4 M
Veterans Cost of Instruction	3 M	0	12 M

	FY 83	FY 84 Admin. Request	FY 84 Higher Education Recommendations
Title VI			
International Stud.	21 M	0	30.6 M
Fulbright-Hays	5 M	0	
Title VIII			
Cooperative Educ.	14.4 M	0	20 M
Law School Clinical Experience	0.6 M	0	1 M
Title X (FIPSE)	11.7 M	6 M	13.5 M
Minority Institutions Science Improvement	4.8 M	4.8 M	5 M
Womens Educational Equity Act	5.76 M	0	6 M
Urban Grants	0	0	5 M
NIE	55.6 M	48.231 M	55.6 M
NCES	8.589 M	8.747 M	9 M
Vocational Education	824 M	500 M	937 M

STATEMENT OF DENA G. STONER, DIRECTOR, LEGISLATIVE LIAISON, NATIONAL SCHOOL BOARDS ASSOCIATION

Senator INOUYE. Our next witness is Dr. M. Joan Parent, president, National School Boards Association.

Ms. STONER. I am Dena Stoner, director of the legislative liaison program, and not Dr. Parent, whose schedule caused an unavoidable schedule difficulty today. So I am taking her place.

The National School Boards Association is the only major educational association representing school board members who govern the Nation's public schools. Accordingly, they are politically accountable to the constituents for both education policy and fiscal management at the local level.

As lay individuals, school board members are in a rather unique position to be able to judge legislative programs purely from the standpoint of public education, without consideration to their personal professional interest.

Last week, the administration released its National Commission for Excellence on Education report, titled "A Nation at Risk." We agree, the educational component of the Nation's human capital has been permitted to erode too long.

The statistics in the report paint a picture that illustrates the work that must be done to upgrade our public education system. What the report does not note nearly strongly enough is that the Federal Government has a significant role to play in achieving this Nation's educational goals.

The major good news of the past 6 months has come in the form of two recent sets of major reports that show the Federal education programs are making enormous strides in achieving their goals.

The first comes from the National Assessment of Education Progress, which has data showing that there are real gains in reading and math scores in the segments of student population where Federal funds have been targeted. The second comes from the series of studies in the U.S. Department of Education school finance project, which confirm that the major Federal education programs are working.

I have quoted from a number of those studies in the testimony to illustrate these gains.

At first blush it might seem that the Commission on Excellence report clashes with the good news about Federal programs being reported in these studies. There is no clash. The Federal programs now in place addressed only one aspect of the Federal role that the Commission also recognized, assuring equity of opportunity in our educational system. These programs that have been designed to deal with this Federal goal need to be maintained in order to grow. The programs work.

The programs which our written testimony deal with are six: Chapter 1 of ECIA, education for the handicapped, vocational education, impact aid, bilingual education, and chapter 2 of the education consolidation grant.

Chapter 1 of the Education Consolidation and Improvement Act is a very efficient program, channeling the largest portion of its funding to the educationally disadvantaged children with only 1½ percent of the funds being used at the State level for administration.

Unfortunately, this program serves only 45 percent of 11 million children eligible for funding and is now below the 1980 funding levels. We urge that this program be brought to at least 50 percent of the children eligible for this program.

The Education for All Handicapped Children Act was originally authorized to assume 40 percent of all excess funds to educate a handicapped child. We urge that this program funding level be brought to the 1980 level of 12 percent of excess costs. If the administration should have its way in its budget, we would drop to 8 percent this year.

Another program we want to mention here in our testimony is the impact aid program. That program has been severely reduced under the Omnibus Budget Reconciliation Act of 1981.

The National School Boards Association is going to support the Abdnor amendment, which is going to attempt to increase this program to $600 million. We urge this Appropriations Committee, as it has done in the past, to continue to address this problem through appropriations language.

In bilingual education, a growing segment of the school enrollment includes children with limited proficiency in English. In addition to this problem, these children often are from poor families that have many of the same educational problems of other disadvantaged students in our society, which compounds their problems in achieving in school.

We urge support of an increase in this program to at least 1980 levels to help school districts with this area.

There are a number of other programs that I would just like to mention that are tremendously helpful to school districts.

One is the adult education program. This program operates out of school districts during downtime, when children from 5 to 18 are no longer in school. This program has been cut.

Again, we hope that you would consider bringing it back to the 1980 level.

Another support program that we find tremendously helpful is the Upward Bound program which aids disadvantaged children to prepare for college while still in high school. This program has also suffered erosions, and we hope it can be maintained.

The refugee children's education program aids school children with influxes of refugees. Generally, these children do not speak English, and their parents are just learning and beginning to contribute to the community tax base.

The cost of educating these children is about $600 additional more than the average school child. Since the refugees are a national issue, we request that Federal funds be contributed to help local and State agencies in aiding the transition of these children and their families into U.S. society.

We agree with the National Commission on Excellence in Education report, which outlines the risks we run if the national investment in education is not made, and I quote—and I will close with this quote:

> A high level of shared education is essential to a free democratic society and to the fostering of a common culture * * * (C)itizens must be able to reach common understandings on complex issues, often on short notice and on the basis of conflicting or incomplete evidence. Education helps form these common understandings * * *."

Thank you very much.

Senator INOUYE. Thank you very much.

Recently, Secretary Bell suggested that the recommendations set forth by the Commission on Excellence be carried out at the local and State level, that the necessary funds be raised at that level.

You represent school boards. Will the school boards be able to raise these funds?

Ms. STONER. No; we will not be able to raise the funds, given the standards they set in that report. They have set the highest standards for all children that we have ever seen come out at the national level.

There is a definite need in two areas that we feel are appropriate Federal roles that do not interfere with local governments, and that is in the area of educational equity and in the area of excellence. That is why the National School Boards Association is supporting and working hard for this new math and science initiative, which we feel addresses the second point.

Senator INOUYE. So your contention is that without Federal assistance we would further erode?

Ms. STONER. That is right, particularly in those areas.

Senator INOUYE. I thank you very much.

[The statement follows:]

Statement of Dena G. Stoner

Introduction

As President of the National School Boards Association (NSBA), I am pleased that we can submit this testimony to the Senate Appropriations Labor/Health and Human Services/Education Subcommittee. The National School Boards Association is the only major education organization representing school board members who govern the nation's public school districts. Throughout the nation, approximately 90,000 of these individuals are Association members. These people, in turn, are responsible for the education of more than 95 percent of the nation's public school children.

Currently marking its forty-third year of service, NSBA is a federation of state school board associations, with direct local school board affiliates, constituted to strengthen local lay control of education and to work for the improvement of education. Most of these school board members are elected public officials. Accordingly, they are politically accountable to their constituents for both education policy and fiscal management. As lay unsalaried individuals, school board members are in the rather unique position of being able to judge legislative programs purely from the standpoint of public education, without consideration to their personal professional interest.

Federal Programs: Are they working?

It is a pleasure to appear before a subcommittee whose chair has a distinguished record of support for the federal role in public education. On behalf of the school boards across the nation, I want to express our thanks for your courage during the past several years when you refused to join the chorus that repudiated federal education programs.

Last week the Administration released its National Commission for Excellence in Education report titled "A Nation at Risk." We agree that the educational component of the nation's human capital has been permitted to erode for too long. The statistics in the report paint a picture that illustrates the work that must be done to upgrade our public educational system. What the report does not note nearly strongly enough is that the federal govenment has a significant role to play in achieving the nation's educational goals.

The major good news of the past six months has come in the form of two recent sets of major reports that show that the federal education programs are making major strides in achieving their goals.

First, the National Assessment of Education Progress data demonstrate real gains in reading and mathematics test scores in the segments of the student population where federal funds have been targeted. Second, the studies from the U.S. Department of Education School Finance Project confirm that the major federal education programs are working. One study in this series titled "The Cumulative Effect of Federal Education Policies on Schools and Districts" is of particular note. I quote:

> "Our conclusion for policy makers is that federal actions can, indeed, make a substantial difference in local educational practice and can accomplish their intended purposes."[1]

We are not surprised to read another finding in the report which was that school board members and their district supervisory personnel report that the resulting burdens of the federal role, and there are burdens, did not outweigh the benefits of the programs at the local school district level.

At first blush it might seem that the Commission on Excellence report clashes with the good news about the federal programs. There is no clash. The federal programs now in place addressed one aspect of the federal role: assuring equity of opportunity in our educational system. These programs need to be maintained to grow. The programs work.

The Commission on Excellence report did address the second major aspect of the federal role which is to aid local school districts in delivering high quality educational services. The new math and science initiative under Congressional consideration is an important step in this direction. An emphasis on only one of these two sides of the federal role will produce the situation where we now find ourselves where the gains of the students who are being given expanded opportunities through existing federal programs may be halted by the incapability whole educational program to meet future needs.

1/ The five programs examined were: Title 1 of the Elementary and Secondary Education Act (ESEA) of 1965 of (now Chapter 2 of the Education Consolidation and Improvement Act of 1981), the Education for All Handicapped Children Act of 1975 (P.L. 94-142), the Bilingual Education Act (ESEA, Title VII), the set asides of the Vocational Education Act, and the Civil Rights Laws (Title IV of the Civil Rights Act of 1964, Title IV of the Education Amendments of 1983 and Section 504 of the Rehabilitation Act of 1973.

Funding: A Critical Ingredient for Success

Chapter I of the Education Consolidation and Improvement Act (Title V, P.L. 97-35) is the largest federal education program. It is a very efficient program channelling the largest portion of its funding to school children with only one and one-half percent of the funds used by the States for administrative purposes. Unfortunately, the program serves only 45 percent of the 11 million children eligible for funding and is below the FY 1980 funding level of $3.2 billion. Since 1980 the program is 40 percent below what it should be if the program had kept up with the inflation rate.[2] NSBA requests that one-half of that loss, $564 million be added to the current FY 1983 funding of $3.03 billion bring the program to $3.57 billion. By our calculations this would add approximately 900,000 children to the program bring the percentage of eligible children served to nearly 50 percent.

The Education for All Handicapped Children Act (P.L. 94-142) state grant is authorized to assume 40 percent of the excess costs in educating the handicapped child. In FY 1983, the funding level of $970 million paid for only 9.4 percent of excess costs as compared to Fy 1981 when 12 percent of the excess costs for programs were paid. Unlike Chapter 1 of ECIA, this program carries a civil rights mandate that all handicapped children be educated. We are flattered that the nation believes that the schools can do the job. In this program when federal funds are not maintained services cannot be reduced or children not served. Consequently increasing amount of the funding must come out of local district general instructional budgets when these budgets are also being reduced as a result of economic conditions. There is tremendous strain being placed in school districts where... "strong service mandates are combined with strained resources, the perception of the burdensome aspects of federal policy seems to be growing." NSBA urges that in FY 1984 that this program be funded at the 12 percent excess cost level at $1.3 billion.[3] We request a $330 million increase in this program.

Vocational Education in FY 1980 was funded at $784 million. In 1983, the funding level was $728.6 million. The program provides a valuable opportunity for all students who wish to prepare for work. The program provides funding to both post-secondary institutions who provide less than baccalaureate degrees and to elementary and secondary school districts. The National School Boards

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2/ The program would have been funded at approximately $4.4 billion using CBO Inflation figures.

3/ This assumes the CBO 1983 4th quarter to 4th quarter CPI level of 4.5 percent.

Association recommends that this program be at least funded at the FY 1980 level of $784 million.

The Impact Aid program was the most severely reduced education program under the Omnibus Budget Reconciliation Act of 1981. Unlike other federal education programs this program is "current funded." The program reimburses school districts for the loss in funds as a result of federal activity in the community. Congress has managed the funding reduction that occurred in FY 1981 by attempting to target funds on the districts who have at least 20 percent of their enrollment from families who live and work on federal military bases. This approach reduces the allocations of other districts with the same type of student but will lower concentrations. Districts that have large numbers of children whose families work on a base or who live in federally subsidized housing have almost been elimanated from the program. These "B" children according to the 1981 Reconciliation Act are to be totally eliminated form the program by FY 1984. The hardship inflicted on these districts has also been severe.

During the past several years, this subcommittee, along with its House counterpart, has written the formula for final distribution for this program. We recognize the difficulty this subcommittee faces in attempting to address the problems now associated with the program. The reason for the existence of the program continues to exist. The most reasonable proposal that we have seen comes from Senator James Abdnor (S.D.). He proposes to fund the program at $600 million. His proposal represents the best compromise between the "A" schools and "B" schools that we have seen in recent years. NSBA urges the committee to adopt this proposal on the appropriations process if it cannot be accomplished by other methods.

A growing segment of the school enrollment is the child with limited proficiency in English. These children often are from poor families and have many of the same education problems of other disadvantaged segments of our society which compounds their ability to achieve in school. In addition to the difficulties faced by the individual child which are very large, school districts enrollments often represent a diversity of different native languages. Consequently the problems of the school district are nationally those of educating the individual child but also of educating the dissimiliar group. Some school districts have 40 plus different languages as the native tongue. ESEA, Title VII, the Bilingual Education Act, provides school districts with leadership and some fiscal support for school districts who wish to use this instructional method for addressing the problems of this group of students. The funding level is small--supporting only 18 percent of the bilingual projects in the country, the remainder comes from local and state funds. The funding for school districts is important although a major drawback is that once a district receives funding it continues for only three years. Hopefully this problem can be corrected in FY 1984 when the program is reauthorized. Important to all school districts are the teacher training, technical assistance and materials development/dissemination part of the program. Funding these programs provides the capacity for schools to provide services even with their own funds. NSBA requests that the FY 1980 level be appropriated at $166.9 million, a $28.9 million increase over FY 1983 funding levels.

ECIA, Chapter II is a consolidation of smaller programs. Unfortunately, the FY 1983 funding level is $310.2 million under the total of the programs that were merged into one grant. Although the program is not as efficient as is Chapter 1 and P.L. 94-142 in getting funds to school districts,[4] it suffers an additional liability of 37 percent reduction since FY 1980. NSBA supports raising this program by $86.8 million to its FY 1981 level of $587.5 million.

SUMMARY

There a number of smaller programs that are tremendously helpful to school districts. For example, many of the adult education programs operate out of our school districts in the evenings and on weekends. Those programs make use of our resources during "down" times when our 5-18 year olds are not using them. The program has suffered steady reductions since FY 1980, which should be reversed. Another support program is the Upward Bound program which aids disadvantaged students while still in high school to prepare for college. The steady erosion of these services for this successful program should be halted. The Refugee Children's Education program aids school districts with influxes of refugees. Generally these children do not speak English and come form families who do not contribute to the community tax base. The additional cost of educating a refugee child is roughly $600 more than the average child. Since refugees are a national issue, we request that federal funds be contributed to help the local and state agencies in aiding the transition of these children and their families into U.S. society.

4/ Only 80 percent of the funds flow to the local school districts on a formula designed by the state.

Finally, we recognize that in a number of cases our request levels are above the authorization of appropriation levels established in the FY 1981 Reconciliation Act. Those levels were established before it was recognized by the majority in Congress that the Budget Act was being abused and that reducing education funding was a sure method of limiting our long term economic productivity. We will do all we can to remedy the situation through the authorizing channel. We trust your good judgement as the national trustees of these programs to utilize whatever means you have available to provide these important programs. We agree with the National Commission on Excellence in Education's report which outlines the risks we run if the national investment in education is not made:

> A high level of shared education is essential to a free, democratic society and to the fostering of a common culture.... . ...(C)itizens must be able to reach common understandings on complex issues, often on short notice and on the basis of conflicting or incomplete evidence. Education helps form these common understandings... .

STATEMENT OF MYRON THOMPSON, TRUSTEE, KAMEHAMEHA SCHOOLS/BISHOP ESTATE, HONOLULU, HAWAII

Senator INOUYE. Our next witness is a trustee of the Kamehameha Schools/Bishop Estate, Mr. Myron Thompson.

Senator INOUYE. This is Hawaii and Connecticut day. Welcome. [Laughter.]

Mr. THOMPSON. Senator Inouye, for the benefit of your committee members, my name is Myron Thompson.

At this time I would like to introduce my colleague, one of the five trustees of the Bishop Estate/Kamehameha Schools. He is a former chief justice of the State of Hawaii, William Richardson.

Senator INOUYE. Welcome, C. J.

Mr. THOMPSON. As I stated earlier, I am a trustee of the Kamehameha Schools/Bishop Estate, which is an educational foundation located in the State of Hawaii.

At the request of Secretary of Education Terrel Bell, I have served for the past year as chairman of the executive steering committee for the native Hawaiian educational assessment project.

This project, which was requested by your committee, was a 1-year study of the educational needs of native Hawaiian children, ages 0 to 18. It has been conducted by our foundation for the U.S. Department of Education.

This morning, the purpose of my testimony is to apprise you generally of our findings and to discuss one of our recommendations, which is to expand educational research resources in the Pacific Basin area.

The assessment project has two goals: to identify the unique educational needs of native Hawaiians and to identify effective native American programs that could meet these unique needs.

The project has reported five major findings:

Overall, Hawaiian students do score below parity with national norms.

Two, Hawaiians are disproportionately represented in many negative social and health statistics.

Three, Hawaiian students do have educational needs, which are related to their cultural situation.

Four, existing native American educational programs did not provide a ready match for native Hawaiian needs.

And, five, educational research and development projects in Hawaii and on the mainland in the United States have identified principles of effective schooling, which can be applied to our situation.

Based on these findings, the following four recommendations have been made:

One, to continue to emphasize basic skills development in reading and mathematics.

Two, develop interagency programs aimed at individualizing support for Hawaiian students and families with special needs.

Three, support Hawaiian and multicultural studies.

And, four, conduct further research into educational needs related to the cultural situation of native Hawaiians.

Mr. Chairman, let me expand on the last recommendation. The assessment indicates clearly that further research is necessary to pinpoint areas of educational intervention and to develop remedial and preventive programs for native Hawaiian children.

Although we do not have comparable assessments for children from American Samoa, Guam, and the Northern Mariana Islands, we are convinced that similar research efforts are required for these children.

In addition, since 1967, the Northwest Regional Educational Laboratory of Oregon has been providing technical services and advice to the Pacific Basin. Recognizing this resource and the estimated expansion of our research requirements, the steering committee proposes the following: that the Northwest Regional Education Laboratory establish a satellite laboratory stationed in Hawaii; that funding for this expansion program be provided through matching funds from the private and public, including Federal and State sectors.

Through research, demonstration, evaluation, and dissemination programs, this laboratory would address the specific immediate and long-term educational needs of children of the American entities in the Pacific Basin.

Mr. Chairman, in conclusion, the educational needs of native Hawaiians has been documented. They are unique and in many cases severe. However, the evidence shows that the needs can be remedied, although the desired remedies will require further research efforts.

The creation of a Pacific Basin Educational Laboratory would be an enormous step toward achieving the goal of assisting native Hawaiian and other Pacific Basin children to reach at least parity with national norms in reading and mathematics.

Mr. Chairman, this concludes my remarks. Thank you very much.

Senator INOUYE. Thank you very much, Mr. Thompson.

The native Hawaiian education assessment project, which was recommended by this committee was funded by your foundation, wasn't it?

Mr. THOMPSON. That is correct.

Senator INOUYE. And the work was carried out on behalf of the U.S. Department of Education?

Mr. THOMPSON. That is correct.

Senator INOUYE. So you paid for it, not they paid for you?

Mr. THOMPSON. Yes; we paid for it, and we detached our staff to it.

Senator INOUYE. I would like to commend you because it is not always that we have a private organization doing something for the Federal Government. [Laughter.]

Mr. THOMPSON. I thank you very much for the opportunity.

Senator INOUYE. Do you have any idea as to the dollar amount that would be involved in carrying out your recommendations?

Mr. THOMPSON. I talked to Dr. Rath of the northwest laboratory, and we were talking in the neighborhood of a quarter million to half a million dollars to get started.

I don't know the exact amount, but I could get that for your committee very soon.

Senator INOUYE. We would appreciate that.

[The statement follows:]

STATEMENT OF MYRON THOMPSON

Mr. Chairman and Honorable committee members, my name is Myron Thompson. I am a trustee of the Kamehameha Schools/Bishop Estate, an educational foundation located in Honolulu, Hawaii. I have also served for the past year, at the request of Secretary of Education, Terrel Bell, as chairman of the executive steering committee for the Native Hawaiian Educational Assessment Project.

This project, requested by your committee, was a one-year study of the educational needs of Native Hawaiian children ages 0-18. It has been conducted by our foundation for the United States Department of Education.

The purpose of my testimony is to apprise you generally of our findings and to discuss in particular one of our recommendations; which is to create a satellite office of the Northwest Regional Educational Laboratory in Honolulu to conduct educational research for the U.S. entities/located in the Pacific Basin.

GOALS

The Assessment Project has two goals:

I. To identify the unique educational needs of Native Hawaiians.

II. To identify effective Native American/national and local programs that could meet these unique needs.

FINDINGS

The project has reported five major findings:

I. Overall, Hawaiian students do score below parity with national norms and standardized achievement tests.

II. Hawaiians are disproportionately represented in many negative social and physical statistics, indicative of special educational needs.

III. Hawaiian students do have educational needs which are related to their unique cultural situation.

IV. Existing Native American educational programs did not provide a ready match for Native Hawaiian needs within the scope of the study.

V. Educational research and development projects in Hawaii and on the mainland have identified principles of effective schooling which can be applied to the unique needs of Native Hawaiian students.

RECOMMENDATIONS

Based on these findings, the following four recommendations have been made:

I. Continue to emphasize basic skills development in reading and mathematics. We have recent success in reading with lower-achieving students and expect to shift focus to potential higher-achieving students.

II. Develop interagency programs aimed at individualizing support for Hawaiian students and families with special needs.

III. Support Hawaiian and multi-cultural studies.

IV. Conduct further research into educational needs related to the unique cultural situation of Native Hawaiians.

PACIFIC BASIN EDUCATIONAL LABORATORY

Let me expand on the last recommendation. The assessment indicates clearly that further research is necessary to pin point areas of educational intervention and to develop remedial and preventive programs for Native Hawaiian children. Although we do not have comparable assessments for children from American Samoa, Guam and the Northern Mariana Islands, we are of the conviction that similar research efforts are required for these children. Since 1967, the Northwest Regional Educational Laboratory has been providing technical services and advice to the Pacific Basin.

Recognizing this resource and the estimated expansion of research requirements, the steering committee proposes the following:

I. That the Northwest Regional Education Laboratory establish a satellite laboratory, in cooperation and collaboration with the Departments of Education from Hawaii, Guam, Samoa, Northern Mariana Islands, as well as the Kamehameha Schools.

II. That funding for this expansion program be provided through matching funds from the private and public (including Federal and State) sectors.

Through research, demonstration, evaluation, and dissemination programs, this laboratory would address the specific immediate and long-term educational needs of children of the American entities in the Pacific Basin.

CONCLUSION

The educational needs of Native Hawaiians have been documented. They are unique and in many cases severe. However, the evidence shows that the needs can be remedied, although the desired remedies will require further research efforts.

The creation of a Pacific Basin Educational Laboratory would be an enormous step toward achieving the goal of assisting Native Hawaiian and other Pacific Basin children to reach, at least, parity with national norms in reading and mathematics.

Mr. Chairman, this concludes my remarks. Thank you for the opportunity to bring our concerns to you and your committee.

Senator Inouye. Judge Richardson, welcome, sir.

Judge Richardson. Thank you. I am very happy to be here today, especially before you, you were one of the architects of our educational system in Hawaii back there.

Senator Inouye. He is our most successful politician. [Laughter.]

Judge Richardson. I have had a good teacher, Mr. Senator.

Senator Inouye. Thank you very much.

STATEMENT OF LINDA TARR-WHELAN, DIRECTOR OF GOVERNMENT RELATIONS, NATIONAL EDUCATION ASSOCIATION

Senator Inouye. Our next witness is Miss Linda Tarr-Whelan, director of government relations, National Education Association.

Ms. Tarr-Whelan. I am not from Hawaii, but I have been there often enough to know that I would like to be.

Senator Inouye. What State are you from?

Ms. Tarr-Whelan. Massachusetts.

Senator Inouye. We will call in Ted Kennedy. [Laughter.]

Ms. Tarr-Whelan. Senator, I am Linda Tarr-Whelan, director of government relations for the National Education Association.

We have 1.7 million members across the country who are teachers, faculty, and education support personnel in the public schools and institutions of higher education in every State in the United States.

We appeal to the members of this committee and to the Congress to continue to oppose the shortsighted appropriation cuts in education which would lessen our ability as a country to compete in the international arena and to provide for national security.

As the Commission on Excellence has noted, cuts in education are counterproductive for a Nation which is concerned with economic growth, productivity, and recapturing a position of strength in a high tech world.

The education proposals which we bring you today would reverse some of the cuts which have been enacted in recent years and would restore to education the same program levels in 1984 dollars which existed in 1980. While education would show a zero net growth for that period, it would at least be held harmless from inflation.

The Federal dollars in 1984 would buy the same program levels for the same proportion of children as existed before the cuts of recent years.

To our proposal for holding education harmless for losses due to administration budget cuts and inflation, we add a special note of urgency. The country has just heard the strong recommendations of the National Commission on Excellence in Education, which call for far greater national leadership as well as cooperation from States and localities.

President Reagan has effectively abdicated that leadership role and has refused to consider the national recommendations of his commission. Therefore, we urge Congress, and particularly the Appropriations Committee, to take this leadership role and to hold hearings this fall on the resources necessary for excellence in education.

By that time there will be additional reports available from the Carnegie Foundation, from the task force of the Education Commission on the States, chaired by Governor Hunt and Governor Du Pont, and the report of the National Science Board Commission on Precollege Education.

We urge that you sponsor hearings in cooperation with Governors, mayors, and legislators, business leaders, teachers, parents, school boards, and students to get at the problem of how to provide resources for excellence in the Nation's public schools.

This year the administration seeks to put a more moderate face on its education funding initiatives, but what it really asks of Congress is a $2 billion cut in the programs administered by the Department of Education.

We have provided in our testimony materials which show the effect of those cuts and the loss due to inflation since 1980 for each State in the United States and for each of the basic six program areas treated in the education budget.

For the information of the Senator, I would tell you the total for Hawaii is $27.2 million, that Hawaii now has a deficit compared to if it was funded in 1984 dollars at the same level as existed in 1980.

The cuts which are proposed strike at the very heart of programs which have served the national interest of equal educational opportunity for all. The $2 billion cut in compensatory education this year would remove the additional funding which Congress provided in the supplemental appropriation last fall over the President's veto.

The cuts in bilingual action occurred exactly at the time when there is a significant growth in the Hispanic population, and many programs of proven worth and minimal funding, such as Indian education and the TRIO programs, are eliminated by the President's budget.

Our proposal goes through all of the basic programs, particularly compensatory education, handicapped, vocational education, chapter 2, the block grant program, impact aid, and other basic programs, and in each case we take a look at the amount of money which existed in 1980, the Reagan request for this year, and what is necessary in program dollars and in children served to meet in 1984, a budget which would cover inflation and hold education harmless.

We have come to expect this type of budget from the Pentagon, where all of the increases are talked about, after one has made the adjustments for inflation. We are asking for similar consideration for education.

To summarize our last comments on this appropriation proposal which is before you, we would say the administration is proposing far more harm than good. The so-called moderate reductions in funding are in fact not so moderate, but rather reneging by the Federal Government of long-standing promises.

States and local governments are having a hard time making ends meet in the current period of recession and high unemployment. Our figures of what it would cost to implement the National Commission on

Excellence report would be a 12-percent increase at the State and local level and a 12-percent increase in the property tax level in order to provide the kind of excellence which is called for in that report.

We find that both the States and the local property tax bases are stretched to their limit. We believe that nowhere in the appropriation process is there a greater need for expansion than in the field of education, which we believe is a basic part of the hope for the recovery of the American economy and the sound basis for national security.

To cut education appropriations, as requested by this administration, and turn our backs on the children and youth of this country is to court disaster. We ask again that Congress, and particularly this committee, take the leadership to develop the figures on what resources are necessary and to provide the leadership that we have with the resources that we need for education.

Thank you.

Senator INOUYE. I gather you believe that the Federal Government has a major role to play in educating the people of the United States?

Ms. TARR-WHELAN. Indeed, Senator, we see it as a partnership between the national level, the State level, and the local level. We certainly support the local decisionmaking, but we don't believe that property taxpayers can take on the responsibility at the local level for all that needs to be done at the local schools.

Senator INOUYE. In percentages, what would you say should be the Federal responsibility?

Ms. TARR-WHELAN. The National Education Association has long sought one-third Federal funding. It currently is about 7.4 percent of the total school budget, which comes from the Federal Government.

Senator INOUYE. Have you taken any position on one of the recommendations made by the Commission; to wit, that school years be lengthened and school days be increased?

Ms. TARR-WHELAN. We are looking at those. We have not had a policy recommendation on that from our organization in the past, and our policy on such issues is made by our national convention of 7,000 delegates. We are expecting them to consider the issue in July, when they meet in Philadelphia.

Senator INOUYE. If the increase is implemented, what would be the cost involved?

Ms. TARR-WHELAN. Our figures would show that if the report was implemented totally, it would cost an additional $14.7 billion in elementary and secondary funds, which currently run about $7 billion, $7.5 billion in the current Federal budget. So we are talking two times more than the current Federal initiatives in order to implement that report.

If it was paid for by the Federal Government, that would still mean the Federal Government would be paying less than a quarter of the total cost of education.

As I noted, if we were to look at the States and localities picking up this in addition to their current responsibilities, it would call for approximately a 12-percent increase at the State level and a 12-percent increase at the local level, since they essentially share half-and-half the cost of education in most States.

Your State is an exception.

Senator INOUYE. From your friends in the other States, would you say States and localities can pick up that burden?

Ms. TARR-WHELAN. No; in fact we're finding in most places there's great resistance to property tax increases because of high unemployment. There's great difficulty with State funding for education at this time because of the recession and also because of the cutbacks of the Federal Government funds on a wide variety of programs.

So we find the States are in a squeeze. If we want excellence in our schools, we're going to have to address it from a national level.

Senator INOUYE. I thank you very much.

Ms. TARR-WHELAN. Thank you very much.

[The statement follows:]

STATEMENT OF LINDA TARR-WHELAN

I am Linda Tarr-Whelan, Director of Government Relations for the National Education Association. The 1.7 million members of the NEA are the teachers, faculty, and educational support personnel in the public schools and institutions of higher education in every state of the union. We appeal to the Members of this Committee and the Congress to continue to oppose the short-sighted appropriations cuts in education which would lessen our ability as a country to compete in the international arena and to provide for national security. Cuts in education are counter-productive for a nation which is concerned with economic growth, productivity, and recapturing a position of strength in a high-tech world. Congress has begun turning back the Reagan appropriation and legislative proposals and is recognizing more clearly that education is an investment in America's future; it is true capital formation--human capital.

The education proposals which we bring you today would reverse some of the cuts which have been enacted in recent years and would restore to education the same program levels -- in 1984 dollars -- which existed in 1980. While education would show a zero net growth for the period, it would at least be held harmless from inflation. The federal dollars in 1984 would buy the same program levels for the same proportion of children as existed before the cuts of recent years.

The Reagan Proposals for Education

This year the Administration seeks to put a more moderate face on its education funding initiatives, but what it really asks of Congress is a two billion dollar cut in programs administered by the Department of Education.

There are four charts attached to this testimony that we would like to have inserted in the record:

1. Levels of support for major education programs since FY 1980;

2. State-by-state difference between FY 1983 actual and inflation-adjusted appropriations as requested by NEA;

3. National program totals on an inflation-adjusted basis; and

4. State-by-state difference between the Reagan FY 1984 request and the inflation adjustment proposed by NEA.

The cuts proposed this year strike at the very heart of programs that have served the national interest of equal educational opportunity for all children. The two billion dollar cut in compensatory education for this year would remove the additional funding which Congress provided in the Supplemental Appropriation last fall over the President's veto. The cuts in bilingual education would occur at exactly the time when there is a significant growth in the Hispanic population. Many programs of proven worth and minimal funding are eliminated.

In addition, the Administration proposes new legislation that we oppose vigorously:

a. Vouchers, which purportedly would give parents a choice between public and private schools, but actually result in confusion and extreme difficulty for public and private schools to plan budget, program, and staffing;

b. Tuition Tax Credits, which would cost the Treasury $630 million in the first year, at a time when the Administration claims there is not enough federal money to support public education adequately; and

c. Department of Education structural changes which would only have the effect of diminishing further the vital federal role in supporting public education.

Math and Science Instruction

The President acknowledges that there is a shortage of trained math and science teachers, and proposes the modest remedy of using $50 million in block grant funds to set up scholarships for teachers. We view the problem differently. The need for retraining teachers is only part of it, and scholarships meet only a part of the teacher training need. Local schools need to plan new instructional methods and course offerings--not only in math and science, but in foreign languages, communications and high technology. They need help in providing better guidance and counseling services. Such a program is set forth in S553, the American Defense Education Act. Other bills, such as HR1310 and S530, can lay the foundation for full implementation of the ADEA. At least $400 million in planning money is needed this year; $2 billion will be needed during the first year of ADEA.

Specific Program Recommendations

I would like to turn now to an examination of the major funding proposals in the Administration's proposals. Our views on the subject are accompanied by figures which represent the Fiscal 1980 appropriation level; the President's FY 1984 recommendation; and the amount that would be needed to maintain programs at FY1980 levels, adjusted for inflation.

1. Elementary and Secondary Education

* Compensatory Education

The President proposes $3.0 billion for compensatory education--a ten percent reduction from the CBO FY 84 baseline, and far less than the $4.3 billion needed to maintain the program at FY 1980 level. At the present time only 5.2 of the 11 million eligible youngsters are being served. The National Assessment of Educational Progress shows dramatic reading score gains by children served under this program. Reducing funds for this program would break faith with local school systems that have developed good programs, and undercut one of the most successful and popular federal education assistance efforts.

FY80 funding:	$3.215 billion
The Reagan request:	$3.013 billion
Needed in FY84 to counter inflation:	$4.346 billion

* Chapter 2 Block Grants

The President proposes to fund the block grant program at $450 million in Fiscal 1984--a cut of 16 percent in a program that gives all state and local school systems a degree of flexibility in designing and implementing educational offerings that would otherwise not be available. It is increasingly obvious that the Administration intends to use this program as a vehicle for reducing federal support of public education.

FY80 funding:	NA (prior to block grants)
The Reagan request:	$450 million
Needed in FY84 to counter inflation:	$635 million

* Education of the Handicapped

Approximately $1.1 billion is requested for education of the handicapped, as opposed to the $1.4 billion needed in FY 1984. The percentage of excess costs of this program provided by federal appropriations has dropped from 12 percent in FY 80 to 9.4 percent in FY 83. State and local districts simply cannot afford the extra burdens of carrying out the Congressional mandate to serve all handicapped children. The appropriation must be increased to counter inflation.

FY80 funding:	$1.049 billion
The Reagan request:	$1.110 billion
Needed in FY84 to counter inflation:	$1.417 billion

* Vocational and Adult Education

The Administration proposes new legislation in Fiscal 1984 for vocational and adult education, under a block grant plan, with funding of only $500 million. The vocational education program received $779 million in FY 1980, with $100 million in that year for adult education. Our projection of need, based on inflation, is $1.05 billion for vocational programs and $121 million for adult education. The world of work is changing very rapidly, and it is absolutely critical that people be prepared with skills that will enable them to compete and to succeed in the job market.

FY80 funding	$879 million
The Reagan request:	$500 million
Needed in FY84 to counter inflation:	$1.174 billion

* Impact Aid

The Reagan request for impact aid in Fiscal 1984 is $465 million. The Fiscal 1980 appropriation was $865 million. About 4300 school districts received assistance in FY 79; only 2000 will be helped this year. Local schools should not have to bear the full cost of enrollments caused by federal activity.

FY80 funding:	$825 million
The Reagan request:	$465 million
Needed in FY84 to counter inflation:	$1.115 billion

* Other Programs

We must oppose the Administration's requests to phase out Indian Education payments to local school education agencies. First Americans are beginning to enjoy privileges and opportunities of full participation in our democracy, and it would be a tragic mistake to terminate this valuable program. $102.6 million is needed in FY 84; the Administration proposes no funding at all.

Bilingual Education received $191 million in FY 80, but the Administration asks only $94.5 million. Only 206,000 students are now receiving the benefits of this program, which ought to serve an estimated non-English speaking school population of 3.6 million. To maintain services at FY 80 levels, $258.8 million is needed.

2. Higher Education

The Administration proposes $6.2 billion for higher education in FY 84, which is the CBO current policy baseline. Computing from FY 80 as above, an inflation hold-harmless appropriation would have to be $7.6 billion. But the picture is clouded by proposed changes in the authority for student assistance programs--changes that NEA finds unnecessary and unacceptable.

About $3.5 billion is asked for campus-based programs--some $200 million below the current baseline. In addition, major funding shifts are requested in order to implement a "self-help" program to replace the Pell Grants. The primary purpose and effect is to reduce the availability of federal assistance to students in the middle and lower income categories. In all student assistance programs the participants would have to come up with $800 or 40 percent of tuition costs in order to qualify under the self-help scheme. This would virtually wipe out any help to students wishing to enroll in community and junior colleges, which charge low fees. The maximum $3000 grants would be of little help to students wishing to enroll in high-priced colleges, and such institutions would be pushed into an undesirable elitist position. By the Administration's own estimates, 400,000 fewer awards would be made than are currently available under the Pell Grant program. The Administration's proposals would also withhold TRIO program assistance from an estimated 472,000 disadvantaged students. We urge the Congress to reject the manipulative restructuring of assistance programs upon which hundreds of thousands of honest and hard-working students depend.

All categorical support to higher education institutions would be lost under the Administration's proposals, except for the Fund for Improvement of Postsecondary Education and a new program of Support for Minority Postsecondary Institutions. While we agree with the need for strengthening minority institutions, we cannot endorse the termination of support for College Libraries, Women's Educational Equity, International Studies, Land-grant colleges, Veterans Cost of Instruction, and other important programs in higher education.

Conclusion

To summarize our comments on the Fiscal 1984 appropriation proposals, I must say that this Administration is proposing far more harm than good. We view the so-called 'moderate' reductions in funding as not-so-moderate -- rather, a reneging by the Federal Government on long-standing promises. State and local governments are having a hard time making ends meet in the current period of recession and high unemployment. The local property tax has been stretched to the very limits of its effectiveness as a revenue resource, and the tax resources of the states themselves are being strained by pressures of staggering proportions. One of these pressures, the block grant program, gave great responsibilities to the states, but cut funding for program execution drastically.

Nowhere in the appropriation process is there a greater need for expansion than in the field of education, which is the best--and in our view--the only hope for recovery of the American economy,and the only sound basis for national security. We must begin at once to restore hope to those who have fallen, give new promise to those who are beginning in life. To cut the education appropriation and turn our backs on the children and youth of this nation is to court disaster. We ask this Committee to reject the Administration's efforts and to provide education appropriations that will allow Congress to restore the federal role in education to what it can and should be. Thank you.

BUDGET AND APPROPRIATIONS

ATTACHMENT 1

	Appro. FY '80 Sch.Yr. '80-81	Continuing Resolution FY '81 Sch.Yr. '81-82	Continuing Resolution & Supplemental FY '82 Sch.Yr. '82-83	Continuing Resolution FY '83 Sch.Yr. '83-84	Reagan Budget Request FY '84 Sch.Yr. '84-85	March 23, 1983 House Adopted Budget Assumptions FY '84 Sch.Yr. '84-85
ESEA (Title I) (ECIA Chapter I) (Basic Grants)	3,215,600,000	3,111,620,000	3,040,980,000 -(2,562,754,000)	3,167,894,000 -(2,687,754,000)	3,013,969,000 -(2,729,939,000)	3,830,000,000
State Block Grant (ECIA Chapter 2)	731,896,000 (combined programs)	614,471,000	483,840,000	479,420,000	478,879,000	606,000,000
Impact Aid (Not forward funded)	825,000,000	756,750,000	456,200,000	480,000,000	465,000,000	505,000,000
Education for the Handicapped, Gifted & Talented	1,049,000,000	1,025,231,000	1,068,580,000	1,110,252,000	1,110,252,000	1,226,000,000
Vocational Ed. (Adult Ed.)	779,241,000	681,639,000 +(100,000,000)	648,625,000 +(86,400,000)	721,500,000 +(95,000,000)	500,000,000 (block grant with adult education)	937,000,000
Guaranteed Student Loan Program (GSL) (Entitlement)	1,609,344,000	2,535,470,000	3,073,846,000	3,100,500,000	2,047,100,000	2,349,000,000
Bilingual Education	191,463,000	161,427,000	138,057,000	138,057,000	94,534,000	140,000,000
Education Total	15,600,000,000	15,200,000,000	14,600,000,000	15,100,000,000	13,190,000,000	16,294,000,000
NEW Math & Science Bill					50,000,000	295,000,000

ATTACHMENT 2

Attached is a printout of selected federal education programs by state, combining U.S. Department of Education data and NEA Research estimates for Fiscal 1980 appropriations, the Fiscal 1983 continuing resolution, and Fiscal 1984 adjusted for inflation.

For the programs examined in this printout, a comparison of the FY 1983 continuing resolution and the FY 1984 adjustment for inflation since 1980 results in the following funding gaps:

*ECIA Chapter I	$1.38 billion shortfall
*ECIA Chapter II	$ 556 million shortfall
*Handicapped	$ 374 million shortfall
*Vocational & Adult Ed	$ 410 million shortfall
*Impact Aid	$ 687 million shortfall
*Education Department	$ 8.9 billion shortfall

The printout features a four column format showing: 1) the FY 1980 appropriation; 2) the FY 1983 continuing resolution; 3) Fy 1984 funding requirements to maintain FY 1980 appropriation levels; and 4) the dollar difference or "inflation gap" between current fiscal year appropriations and the inflation-adjusted amounts for FY 1984.

Program totals on pages 13 and 14 are displayed for 1) the 50 states and the District of Columbia and 2) the entire U.S. appropriation, including outlying areas not shown. Please refer to footnotes on page 15 for details regarding program contents and sources.

STATEMENT OF DR. OGLE BURKS DUFF, DIRECTOR, RACE DESEGREGATION ASSISTANCE CENTER, UNIVERSITY OF PITTSBURGH

Senator INOUYE. Our next witness is Dr. Ogle Duff of the University of Pittsburgh School of Education.

I'm certain all of the witnesses know that their statements have been made a part of the record and it will appear there in the appropriate place.

Please proceed.

Ms. DUFF. Thank you very much for giving me this opportunity. I am director of the race desegregation assistance center at the University of Pittsburgh and am an associate professor in the school of education.

The person who was to come was Dr. Nicholas De Figio and he asked that I come to say the kinds of things that should update you on services that the centers have provided.

So not only am I speaking on behalf of the center which I represent, but the race desegregation assistance centers across the country and other programs of this nature.

Thousands of school children have moved from segregated to desegregated schools and the process is continuing. As the number of students in transition increases, however, tensions rise in both school and community.

To reverse the trend of racial isolation, education must be committed to providing high quality learning experiences for all children.

Talking about equity in education, this is an urgent priority for American society in general and for educational institutions in particular.

If our schools are to be effectively desegregated, we must approach conflict among blacks, whites, and other ethnic groups realistically.

Desegregation can be approached from a social conflict perspective. Desegregation planners must recognize differences among ethnic groups: perceptions, expectations, feelings and values apart from racial, ethnic, and sexual stereotyping.

The more desegregation planners learn about conflict, its elemental, underlying issues, implications and possible mechanisms for amelioration, the better equipped they will be to plan effective desegregation programs.

Presently, the continuation of title IV programs is in jeopardy. There's the possibility that programs will be eliminated according to the administration's budget.

We were not included there, so I just want to give you some overview of why centers were created in the first place so that you understand that there is still the need for these kinds of services.

Centers were created to provide technical assistance to school districts in developing and carrying out plans for compliance with both the letter and the spirit of the Supreme Court decision of 1954 followed up with the Civil Rights Act of 1964 which created centers, and OCR, another equal employment and equal educational opportunity agency.

Our centers, as most centers do, serve a linkage of higher education with basic education in the public schools. We give technical assistance in the planning, implementing, and evaluating of local school system projects supported under title IV of the Civil Rights Act of 1964 at the request of the school district.

Centers assist in developing desegregation plans for school districts; conduct needs assessments on desegregation-related concerns for local school districts; assist in developing and implementing conflict resolution strategies and developing multicultural curriculum materials, methods and processes; conduct inservice training programs for administrators, teachers, students, support personnel, parents, school board, and community groups on problems incident to school desegregation.

We develop and disseminate information on desegregation-related issues to interested school districts, individuals, and public institutions; we conduct local surveys and studies to pinpoint desegregation problems; and assist in developing solutions to general and to specific desegregation problems.

In doing this, we conduct workshops, conferences, and other kinds of inservice training programs for school personnel.

Eligibility for school districts for service is based on the following criteria as defined in the Federal guidelines: school districts that are ordered to desegregate are given priority; school districts in the process of desegregation are second; and school districts recently desegregated.

However, there are some school districts that are not under a court order to desegregate, but because of demographic changes of blacks moving to suburban areas, these districts have also been requesting assistance.

They sort of fall in the cracks, but they do need the assistance, so that where possible, we have been providing training and inviting them to the cluster workshops where other school districts are participating as well.

Senator INOUYE. So your center assists the Federal Goverment in making certain that the law of the land is implemented?

Ms. DUFF. Yes.

Senator INOUYE. Do these school districts and local governments pay you for your services?

Ms. DUFF. No; there is no fee to the district.

Senator INOUYE. They never do?

Ms. DUFF. No.

Senator INOUYE. So without Federal assistance, this service to schools would have to cease?

Ms. DUFF. That's it exactly. They have no money; it is the block grants that went to States—they could use the money any way they wanted to.

Senator INOUYE. Where would these school districts go for assistance of this nature without your organization?

Ms. DUFF. Without centers, without title IV funding, there would be no source. It's the only source presently for assistance to the districts.

Senator INOUYE. I believe you wanted $24 million?

Ms. DUFF. Yes.

Senator INOUYE. The administration has crossed that out, haven't they?

Ms. DUFF. Yes.

Senator INOUYE. We will put it back for you. [Laughter.]

Ms. DUFF. Thank you.

Senator INOUYE. About how many school districts remain on the list that should be desegregated? How many school children are involved?

Ms. DUFF. We are saying that presently in the major urban areas there would probably be 3 or 4 million students who are still going to segregated schools in one way or another.

I can speak about Pennsylvania, where the problems are complex, as I mentioned earlier, because of the changes and shifts in housing patterns and demographic patterns. So that where Philadelphia are still under a court order to desegregate in my area, Pittsburgh schools are under a court order to desegregate, and they are doing a number of activities, and we are working with them.

The satisfactory desegregation has not occurred. That means that teachers and the student body—the students have not been moved into places where they are desegregated; teachers are not in places where you would say that they are successfully desegregated.

So I would say in Pennsylvania there are still about five school districts that are still experiencing desegregation.

Senator INOUYE. What I am about to say is not based upon statistics and facts, but upon perception of what I see in the media.

I gather that the southern States have been a bit more succcessful in desegregating than a lot of the northern States, is that correct?

Ms. DUFF. I would think so.

Senator INOUYE. I thought the northern States were more understanding and liberal.

Ms. DUFF. Well, that may be thought, but northern States are just coming to grips with the problems of their own racism, so to speak—it's that northern desegregation is different because northerners have not accepted the fact or acknowledged their own biases.

And we are dealing with that, and there are many people who are coming to grips with it.

And it's a long process. Certainly there are still uncorrected needs in the South. That's not to say that that's a panacea yet, but the northern kinds of problems of segregated housing, where they never recognized that schools were segregated as a result of housing patterns becomes very evident. That's why I'm mentioning the fact that as suburban areas get increasing flows of minority youngsters and the people who live in those areas have not had any preparation or any training in learning to live together because they have been able to move, continued to move, and then finally there's nowhere to go and everyone is coming together now and sharing a turf, then there's a need for school personnel, particularly, to have a look at their perceptions and become aware of the kinds of psychological damage that they can do to children by their own biases that may be communicated nonverbally.

When they say "we are colorblind and we don't see differences," then it's time to think about what that really means and how that is likely to impact the children that are going to be experiencing a new setting and new people.

Senator INOUYE. Under the leadership of Chairman Weicker, I'm certain your centers will still be in existence next year.

Ms. DUFF. Thank you.

[The statement follows:]

Statement of Dr. Ogle Burks Duff

TITLE IV TRAINING AND ADVISORY SERVICES

Thousand of school children have moved from segregated to desegregated schools, and the process is continuing. As the number of students in transition increases, however, tensions rise in both school and community. To reverse the trend of racial isolation, education must be committed to providing high-quality learning experiences for all students. This is an urgent priority for American society, in general, and for educational institutions, in particular. If our schools are to be effectively desegregated, we must approach conflict among blacks, whites, and other ethnic groups realistically. Desegregation can be approached from a social-conflict perspective. Desegregation planners must recognize differences among ethnic groups: perceptions, expectations, feelings, and values, apart from racial, ethnic, and sexual stereotyping. The more desegregation planners learn about conflict -- its element, underlying issues, implications, and possible mechanisms for amelioration -- the better equipped they will be to plan effective desegregation programs.

1. Why were Centers created?
   Race Desegregation Assistance Centers were created to provide technical assistance to school districts in developing and carrying out plans for compliance with both the letter and the spirit of the Supreme Court decision of 1954 through the Civil Rights Act of 1964.
2. What do Centers do?
   a) Centers give technical assistance in the planning, implementing, and evaluating of local school system projects supported under Title IV of the Civil Rights Act of 1964 at the request of the school district.
   b) Centers assist in developing desegregation plans for school districts.
   c) Centers conduct needs assessments on desegregation related concerns for local school districts.
   d) Centers assist in developing and implementing conflict resolution strategies.
   e) Centers assist in developing multi-cultural curriculum materials, methods, and processes.

f) Centers conduct in-service training programs for administrators, teachers, students, support personnel, parents, school board, and community groups on problems incident to school desegregation.

g) Centers develop and disseminate information on desegregation-related issues to interested school districts, individuals, and public institutions.

h) Centers conduct local surveys and studies to pinpoint desegregation problems.

i) Centers assist in developing solutions to general and to specific desegregation problems.

j) Centers give assistance to school districts in preparing proposals under Title IV of the Civil Rights Act of 1964.

k) Centers conduct workshops/conferences for clusters of school districts.

3. Who is served?

Eligibility of school districts for services from the Race Desegregation Assistance Centers is based on the following criteria as defined in the federal guidelines: school districts ordered to desegregate; school districts in the process of desegregation; school districts recently desegregated; school districts which have desegregated sometime ago but are still experiencing desegregation-related problems; and school districts not under an order to desegregate but experiencing desegregation-related problems.

4. How are services delivered?

a) Services are delivered through conferences and meetings with individual district officials based on their perceived needs and requests.

b) Services are delivered through planning, designing, and implementing in-service training programs for specific role groups within a school district.

c) Services are delivered through planning, designing, and implementing local and cluster school district workshops based on current and projected desegregation-related needs as identified by the target population.

d) Services are provided through technical assistance and consultative services.

e) Services are provided through dissemination of materials on desegregation and through bibliographies and materials developed and published by the Center on topics related to desegregation.

5. What has been the impact?

a) Where the Race Desegregation Assistance Center has been invited into a district and has had the funds to provide services, the district has realized a reduction and/or prevention of tension, violence, and the destruction of personal and public property.

b) Centers have facilitated positive communication among the various and disparate role groups within a school community.

c) Centers have assisted school personnel in increasing their awareness and understanding of cultures other than their own.

d) Centers have assisted teachers and administrators in developing multi-cultural curriculum.

e) Centers have assisted students, teachers, and certificated and non-certificated school personnel in raising their consciousness level regarding problems incident to school desegregation as they relate to classroom discipline, learning styles, teaching styles, conflict resolution, non-verbal and verbal communication, and school climate.

f) When the Center has been involved in the preparation of district personnel for school desegregation, the implementation has progressed smoothly and virtually without violent incidents, e.g., New Castle County, DE, Woodland Hills, PA, the Pittsburgh Public Schools, Southeast Delco, in the Philadelphia metropolitan area.

g) Relative to the impact of the Race Desegregation Assistance Centers' technical assistance and training, client school district officials have stated:

> "We have identified 66 "major problems" and 45 "minor problems", many of which in working with the parents, teachers, and students, we can adjust by, as our consultant stated: "accepting the challenge."
>
> As our school district continues to experience successful desegregation and reorganization plans, I must again thank you and your staff for your contributions over these many years. We look forward to continuing our relationship in the interest of providing the best possible education for the students in the Southeast Delco School District."
>
> Mr. Bruce B. Morgan, Superintendent
> Southeast Delco School District
>
> "Throughout the desegregation of the New Castle County schools, the University of Pittsburgh Race Desegregation Assistance Center has been very helpful in assisting the schools to reduce conflict during this period. They have provided invaluable inservice training activities and technical assistance.

The Center has been an integral part of all our planning so that many problems incident to desegregation in our schools have been minimized."

Dr. Louise V. Maslin, Assistant Superintendent
Instructional Services
Brandywine School District

"Your workshops are without a doubt the best and most influential of all workshops presented in this district concerning the goals of promoting better intergroup relations, student understanding, faculty and staff knowledge of being sensitive to the needs and conscience of all individuals concerned in a desegregating or desegregated learning experience!

Without the workshops sponsored by your Center, it is doubtful that this district would even attempt to match the quality or input of the topics that are deliberated during your sessions."

Dr. Curtis L. Walker, Deputy Superintendent
Pittsburgh Public Schools

"The Center has been extremely helpful to us as a new district. Students, teachers and administrators have benefited from the excellent services you have provided through workshops and consultant assistance.

We wish for you continued success in the outstanding work you are doing."

Dr. Joseph E. Reardon, President
Board of Education
Red Clay Consolidated School District

6. What are the present needs?

   a) A need exists for funds for the maintenance and the stabilization of current desegregation plans in districts that are undergoing desegregation.

   b) A need exists for funds for districts preparing to undergo desegregation.

   c) A need exists for the Race Desegregation Assistance Center to continue to provide, as a resource center, the expertise in areas of multicultural education as it relates to school desegregation.

   d) A need exists for funds and resources to assist districts which are not undergoing desegregation but which are experiencing racial problems because of the impact of increasing minorities moving into the district.

7. Why should funding be continued?

   a) Funding should be continued for Title IV assistance to school districts of Pennsylvania and the school districts of all states which are still experiencing educational problems that have arisen from the implementation of desegregation plans, as well as problems which are incident to demographic racial changes in school populations, i.e., Cheltenham, Meadville, Woodland Hills, Pennsylvania.

   b) School districts still need assistance in encouraging student, parent, and community support for involvement in public school desegregation.

   c) Schools need assistance in developing procedures that will prevent discrimination, or the appearance of discrimination, on the basis of race in public school employment practices such as hiring, promotion, transfers, termination, and payment.

d) Schools need assistance in developing methods and processes for overcoming racial isolation.

e) Schools need assistance in developing procedures that encourage student assignments which tear down racism and isolation.

f) Schools need assistance in developing classroom management procedures which discourage racial isolation and racial discrimination.

g) Schools need assistance in developing methods of encouraging the participation of students of all races in school activities.

h) Schools need assistance in developing human relations activities that are designed to facilitate racial harmony in public schools and in the community.

i) Schools need assistance in developing methods of preventing and/or resolving conflict that arises from school desegregation.

j) Schools need assistance in developing curricular materials and methods that are devoid of racial, ethnic, and sexual stereotypes.

March 7, 1983

Dr. Ogle B. Duff
University of Pittsburgh
Race Desegregation Assistance Center
230 Bouquet Street
5R-02 Forbes Quadrangle
Pittsburgh, PA 15260

Dear Dr. Duff:

The Woodland Hills School District is a court-ordered merger of five former school districts in Eastern Allegheny County. A forced merger is a difficult and traumatic experience for the communities, students and staff. The staff at the University of Pittsburgh Race Desegregation Center had the experience of working with other districts that were in a similar situation and were able to help this district avert some of the problems by alerting the administration.

The Center has given this school district invaluable assistance during its first two years of existence. The district administration, in conjunction with you and your staff at the University, has provided important in-service training to all employees of the school district. The consultants the Center used were outstanding, and quite often the district staff asked that a consultant return for a follow up session.

The University has accommodated all of the school district's requests, as well as making valuable suggestions to the district. It is impossible to state in a letter the Center's assistance, but it has without question been an aide to this school district.

Sincerely,

Wayne W. Doyle, Ed.D.
Superintendent

STATEMENT OF BARBARA STEIN, CHAIR, NATIONAL COALITION FOR WOMEN AND GIRLS IN EDUCATION

ACCOMPANIED BY JOY SIMONSON, CITIZENS' COUNCIL ON WOMEN'S EDUCATION

Senator INOUYE. Our next witness is the chair of the National Coalition for Women and Girls in Education, Ms. Barbara Stein.

Ms. STEIN. Good morning, I'm accompanied here today by Joy Simonson, who's with the Citizens' Council on Women's Education.

I wanted to say I'm not from Hawaii, unfortunately. I do come on behalf of a piece of legislation introduced by another wise and sensitive legislator from Hawaii, Congressman Patsy Mink, who also serves on our citizens' association.

The coalition is here today to strongly support continued funding for the Women's Educational Equity Act and title IV of the 1964 Civil Rights. Act.

Because of the time constraints and because the previous witness seems to have taken care of the issue, I will restrict my comments for the time being to the Women's Educational Equity Act.

By now everyone is aware of the poverty statistics that put women, especially single mothers and minority women, at the bottom of the economic scale. Half of all poor families are headed by a woman alone, for example, and the median income for black women working full time is less than $9,000.

Appropriate job training and schooling are established routes out of poverty. Unfortunately, girls and women have not always enjoyed full access to these avenues.

Title IX of the 1972 Education Amendments—the law banning sex discrimination in educational institutions receiving Federal funds—was enacted to break down the barriers that deny girls and women educational opportunities.

While much progress has been made under title IX, much more is yet needed.

However, when Congressman Patsy Mink of Hawaii introduced the Women's Education Equity Act in 1974, it was in recognition of the fact that institutions needed the tools and resources to comply with both the spirit and the letter of title IX.

Also, these programs addressed the very special problems facing minority and handicapped women, two groups who are unfortunately disproportionately represented among the poor in this country.

In 1982, 55 percent of Women's Educational Equity Act funds were targeted to these populations. WEEA, a minute program in terms of the Federal budget, $5.8 million last year, is a model of effective and efficient use of Federal dollars.

The programs and products developed and disseminated through the WEEA program have potential for national, regional, and State and local impact.

Thus, every State or locality is not reinventing the wheel but sharing the materials of programs that have proven effective.

WEEA's effectiveness and the continued need for its maintenance explain our strong concern that Congress continue to appropriate its funding as well as to monitor the Department of Education's administration of the program.

WEEA was one of the handful of programs that Congress found important enough to maintain at the Federal level when the Education Consolidation and Improvement Act was passed in 1981.

Since then the administration has continued to request zero funding for the program and Congress has continued to maintain the program.

The maintenance of WEEA and title IV at the Federal level are essential if these significant activities are to continue. Experience demonstrates school districts and States do not apply money to these programs when they are given the option.

A recent study by the American Association of School Administrators revealed that school districts most often spend their block grant money on books and computer equipment.

Only 4.7 percent of any of this money was allotted to title IV activities. A similar example of this phenomenon is the Vocational Education Act which permits school districts to use Federal moneys to encourage women's enrollment in nontraditional jobs.

A review of States' accountability reports finds two-thirds of States spend no money on this option.

Thus, we believe the immersion of the Women's Educational Equity Act and title IV into block grants would actually mean their eradication.

We're also fearful of the administration attempts to internally destroy the Women's Educational Equity Act by serious manipulation and mismanagement of the program.

Such activities as last year's reassigning of the program director out of her job, and at the most critical portion of the funding process assigning inappropriate and incompetent readers for the proposal, and the rejection by the Department of Education's Audiovisual Material Committee of all WEEA products indicate to us an animosity toward fulfilling the potential of the program.

Thus we urge the subcommittee to closely monitor the administration of the WEEA program and appropriate $6 million to the program, the authorized amount.

We also urge the title IV program be authorized and money be appropriated for it this year. We urge the committee to keep a careful watch on the implementation of these programs and be prepared to take action to preserve the equity goals mandated by the legislation.

We believe efficient use of Federal money means that these moneys are applied in the manner in which the legislation mandated that they be used.

The Federal Government cannot and should not ignore its reponsibility for insuring equal education for all Americans.

These programs have minute impact on the budget, but an immense impact on the educational experience of women and girls, and minority and handicapped individuals.

Senator INOUYE. Do you believe block grants would not carry out the intent of the law, is that correct?

Ms. STEIN. We believe block grants would mean really the eradication of those laws, that previous history and experience with these kinds of activities at the local and State level indicate that this is not how the money is applied.

Senator INOUYE. Do you believe that the funds so far spent have served its purpose?

Ms. STEIN. I believe they have; I believe they have done a lot.

I think we all have to honestly recognize when title IX was passed in 1972, most students and administrators and teachers, et cetera, did not even recognize where sex discrimination existed.

I know when I was in high school it never even occurred to anyone in my school that it was sex discriminatory not to allow women to enroll in shop courses.

I think there has to be recognition that simply passing a law banning discrimination does not attack some very ingrained approaches in attitudes and that help is needed at the local and State level to approach these problems.

Senator INOUYE. I think when the law was passed some of the publicity it got didn't help you too much; they focused upon women playing football.

Ms. STEIN. That's right.

Senator INOUYE. And I don't think that was the real spirit of the law and you got sidetracked as a result.

Ms. STEIN. A lot of people still think when I say I work on title IX, that that's the law that deals with women getting into intercollegiate athletics. But that's the law that deals with women getting into professional schools and nontraditional careers where they can earn enough money to support their families.

Ms. SIMONSON. If I can add a word, the report of the Commission on Excellence referred to so often this morning in one way is quite distressing to us, because it omits entirely any reference to this deep-seated and important problem of sex discrimination and the sex role stereotyping.

They talk about other kinds of equity and inequity, and they just omit this broad problem of sex discrimination, which to me shows all the more need for the Women's Educational Equity Act and the things that Ms. Stein has been talking about.

Senator INOUYE. I'm certain the chairman if he were here would be most supportive, and we have noted that most of the witnesses here have been women.

So you've got the clout here. I thank you very much.

[The statement follows:]

STATEMENT OF BARBARA STEIN

Good morning, Mr. Chairman and members of the subcommittee. My name is Barbara Stein. I am here today as the Chair of the National Coalition for Women and Girls in Education. The Coalition is composed of some 50 groups representing a broad-based constituency and includes women's, civil rights and education groups. These groups all work together toward the common goal of protecting and strengthening the rights of women and girls in education.

The Coalition strongly supports continued funding for the Women's Educational Equity Act and Title IV of the 1964 Civil Rights Act. These two programs are critical to fostering educational equality for women and girls in schools and colleges.

By now everyone is aware of the poverty statistics that put women -- especially single parents and minority women -- at the bottom of the economic scale. Half of all poor families are headed by a woman alone, for example, and the median income for black women working full time is less than $9,000.

Getting appropriate job training and schooling is an established route out of poverty. Too often, however, education does not work the same magic for women as it does for men. For example, the average man with an eighth grade education earns more than a woman with a college degree. While about 87 percent of majority males and females complete high school, only 74 percent of the black women, 60 percent of the Puerto Rican women and 50 percent of all Mexican American and American Indian women receive a high school diploma -- the minimal credential for any real job success and ultimate economic stability.

Title IX of the Education Amendments -- the law banning sex discrimination in educational institutions receiving federal funds -- was enacted in an effort to break down those barriers that deny women and girls educational opportunities and limit their potential in the workforce. Much progress has been made since the passage of that law, but more needs to be done.

Title IX is only one part of the solution. Programs such as the Women's Educational Equity Act (WEEA) and Title IV of the

1964 Civil Rights Act offer the tools and resources that schools and colleges need to bring themselves within both the spirit and the letter of the law.

Background

WEEA. WEEA was enacted in 1974 to provide "educational equity for women in the United States." Grants and contracts are awarded each year for the development, demonstration and dissemination of model educational equity products and programs with the potential for national, regional or statewide impact. Projects can focus on all levels of education and all disciplines within education.

When WEEA was reauthorized in 1978 -- members of the Senate pointed out the unique role WEEA plays in alleviating discrimination. "(T)he persistence of overtly discriminatory practices and confusion even among the well-intentioned about what constitutes equality and how it is achieved reaffirms the crying need for more Federal assistance...."

WEEA and Title IV of the Civil Rights Act were among a handful of educational programs that Congress felt were important enough to keep at the federal level when the Education Consolidation and Improvement Act was passed in 1981. The authorization level of the WEEA program was slashed from $80 million to $6 million in the process.

The Department of Education has requested no money for 1984, as it has every fiscal year since 1981. These repeated requests for "zero funding" make it very clear that the current administration, as opposed to all previous administrations, both Republican and Democratic, does not support the program.

This is a source of grave concern for us. In April, 1982, the head of the WEEA program, Dr. Leslie Wolfe, was summarily ordered on a 90-day reassignment to the Department of Education's Office of Management. Dr. Wolfe's reassignment at that particular time barred her from carrying out any program or administration responsibilities during the 1982 grant application review and selection process.

During Dr. Wolfe's absence, established, approved and written procedures were violated at almost every step of the grant selection process. Many of the readers selected to evaluate and rank grant proposals were clearly not qualified in relevant areas or were hostile to the goals of the program. For example, a professor from Bob Jones University, a school barred from federal funding because of its explicit racially exclusionary policies, evaluated proposals addressing equity for minority women. Another reader, assigned to read proposals focused on Title IX implementation found it necessary to ask what Title IX was. New proposals were selected for funding entirely on the basis of these evaluations.

It is impossible to fully judge the impact of these and other irregularities on the quality of grants funded. At least eight of the 15 new grants funded in 1982 duplicated in whole or in part a project previously funded by the WEEA program. Beyond this, it is perhaps more troubling to consider the possibility of original, innovative and effective proposals that were not funded because of this process.

Title IV

Title IV of the 1964 Civil Rights Act is another key federal program that assists school personnel with the elimination of sex discrimination. The original purpose of Title IX was to assist racially segregated school districts with specialized training and advice to accomplish desegregation. During the 1970s the program was expanded to offer specialized assistance in ending sex and national origin discrimination as well.

Prior to fiscal year 1983, the program made four kinds of grants:

- Regional Center grants. These support centers can provide information and help throughout an entire region. There are currently 15 centers focusing on race discrimination, 11 focusing on sex discrimination and 9 Lau centers dealing with problems of limited English-speaking minorities.
- State Education Agency grants. These enable states to provide local school districts with in-depth assistance tailored to particular state and local needs. Forty-two states now have these grants.
- Training Institute grants. These went to university-based training centers to provide specialized training for school administrators and teachers.
- Local Education Agency grants. These enabled a limited number of school districts who want to make equal oppor-

tunity a high priority to develop their own in-depth expertise.

In fiscal 1983, a series of budget cuts amounting to almost 50 percent forced the elimination of the training institutes and the local education agency grants.

Current Status

The WEEA program is currently funded at $5.8 million and Title IV at $24 million. The Administration is requesting that these 1983 funds be rescinded and wants no money for 1984.

We are watching with grave concern as the Administration continues the pattern laid down over the last two years. We understand that the Department of Education wants to rewrite the WEEA regulation. Given all that has already happened, we are doubtful that this rewrite will further the equity goals intended by Congress.

In addition, a longstanding contract with the Education Development Center for publishing and disseminating WEEA materials has not yet been renewed. All seven of the WEEA products that have gone before the "Publications Audiovisual Advisory Committee" (an internal control panel set up to limit the number of Education Department publications) this fiscal year have been rejected. These are materials that WEEA grantees are required to produce under the terms of their grants.

Why These Programs Are Needed

WEEA has the capacity to look at the entire educational system and its processes and to address equity issues in many ways. In addition to funding projects that promote voluntary compliance with Title IX, some WEEA projects focus on fostering an awareness of equity needs among educational leaders, while others tackle deep-rooted barriers that keep even the well-intentioned from running equitable education programs.

A major focus of WEEA is on breaking down the barriers facing racial and ethnic minority women and disabled women. WEEA is the only federal education program that specifically reserves funds for programs addressing the special needs of disabled and racial and ethnic minority women -- groups that bear a disproportionate share of poverty and unemployment. In 1982, 55 percent of WEEA funds were targeted on those groups.

Several years of WEEA funding have produced many exemplary products. Yet gaps still exist in each discipline at all levels of education. In particular, there is need for more materials aimed at minority and disabled women in education and for those promoting voluntary compliance with Title IX. Training materials and curricula development for middle school levels are still in their infancy. WEEA has funded some pioneering projects aimed at expanding the participation of young women in mathematics and science. These programs lay the foundation for future work in computer technology and related areas.

Title IV funds are carefully targeted and provide a wide variety of assistance with a small investment of federal dollars. Although federal support for equity programs has dwindled, the state and local school systems are still bound to comply with federal laws banning discrimination. School officials want and need this help to make necessary changes in discriminatory educational policies and practices.

This administration is emphasizing cooperation between federal and state governments in civil rights enforcement. If states and local school districts are going to take on more responsibility for meeting federal civil rights mandates, their need for technical help will increase.

"Sex Desegregation Assistance Centers: A Report Card," a recent survey of all 11 sex desegregation centers during academic year 1981-82, reported that these regional assistance centers served more than 5,000 school districts. Further, according to the report, an overwhelming majority of state education agencies supported the regional centers as the most efficient and cost effective means of providing this service. The report concludes that if regional centers ceased to exist, or if their level of funding were to be significantly reduced, a great number of school districts would be left without any assistance. Some 15 states have no sex equity funding. Even the states that do have equity funding depend upon the centers for technical assistance, resources and other unique assistance center capabilities.

The Department of Education argues that equity programs could be supported by state education block grant money, if the states choose to do so. The recent history of state and local funding of education programs indicates that most jurisdictions do not use discretionary funds to reduce sex discrimination. A recent study conducted by the American Association of School Administrators of expenditures of state block grant money found that school districts most often spent their money on books and computer equipment. Only 4.7 percent of school districts supported Title IV types of activities -- an allowed use of federal money. The average amount per school district spent in this area was $94. The Vocational Education Act Amendments of 1976 allow states to use federal funds for programs and to encourage women's enrollment in nontraditional job training -- a major purpose of the Act. However, a review of states' annual accountability reports shows that two-thirds chose not to spend any money at all on this objective.

Even if states wanted to develop the resources, it would be wasteful for them to do so. What purpose, for example, would be served in ten states each funded a project designed to address sex discrimination in guidance and counseling? One project funded under the auspices of the WEEA program and having the capacity for replication and dissemination, would accomplish the same objectives -- at one-tenth the cost -- and serve a population that extends far beyond the local community.

Finally, individual states do not have the resources for this kind of materials development nor do they possess the mechanism for national dissemination of projects and programs.

Recommendations

We urge the subcommittee to appropriate $6 million for WEEA, the authorized amount. The Title IV program is authorized at $37 million. Since current funding at $24 million means that the Title IV program has had to eliminate the local educational agency grants and the training institutes, we recommend $37 million for Title IV in 1984 so that the LEA grants program can be restored.

We also urge this committee to keep a careful watch on implementation of these programs and to be prepared to take action to preserve the equity goals mandated by the legislation.

The federal government cannot and should not ignore its responsibility for ensuring equal education for all Americans. These programs have a small impact on the budget but have an immense impact on the educational experience of women and girls.

STATEMENT OF MRS. ELLIOT RICHARDSON, CHAIRMAN OF THE BOARD, READING IS FUNDAMENTAL, INC.

Senator INOUYE. Our next witness is the chairperson of the board of Reading is Fundamental, Inc., Mrs. Elliott Richardson.

Mrs. RICHARDSON. Before I begin, I just wanted you to know that although I represent a national program, we have had programs in Hawaii and in Connecticut.

Senator INOUYE. Oh, I am well aware of that. [Laughter.]

We are very pleased to have you.

Mrs. RICHARDSON. Thank you.

Senator INOUYE. I haven't seen your husband for a while. But give him our best, please.

Mrs. RICHARDSON. I will do that. Thank you.

Reading is Fundamental, RIF thanks you and the subcommittee for this opportunity to testify on fiscal year 1984 appropriations for the inexpensive book distribution program, part of chapter II, Secretary's discretionary fund, ECIA.

Reading is Fundamental has administered the book program since 1976 under contract to the Department of Education. It is based on RIF's own method of 17 years standing, inspiring young people to read by giving them the chance to own books.

Since the Federal book program began it has been a successful, popular, and a refreshingly inexpensive way for the Government to help communities turn their children into good readers.

For fiscal 1984, RIF makes two recommendations: First, we ask the committee to reject the administration's request to waive section 583(b)(1) of the ECIA which reads: "From the funds reserved for the purpose of this section, the Secretary shall first fund the inexpensive book distribution program as carried out through Reading is Fundamental at least in amounts necessary to sustain the activities at the level of operations during fiscal 1981."

The appropriations for fiscal 1981, 1982 and 1983 were $5.85 million. Last year, both House and Senate Appropriations Committees clearly rejected a similar request from the administration, insuring RIF's continued funding as the legislation requires.

The Department's justification also proposes: "For 1984 approximately $5.85 million will be used for IBDP in order to continue activities at about the same level as 1983."

We would like to point out that the law says the Secretary shall fund the book program at at least, not approximately, the 1981 level.

This brings me to our second recommendation that the committee restore funds for the book program in fiscal 1984 to the fiscal 1980 level of $6.5 million, an increase of $650,000. This would permit us to maintain the program at roughly the 1983 level, although it would not return the program to the 1981 level of operations.

The book program has now been level funded at $5.85 million for 3 years. This has been tantamount to a reduction. The main economic influence on this program is the cost of the books, which rises much faster than the general inflation rate. Therefore, 3 years of level funding has forced the book program to withdraw services from more than 700,000 young people.

If we are again level funded in fiscal year 1984, RIF will have to reduce the children it serves by another 300,000.

This program is in demand because it works. It is simple, and it is economical for local volunteers to operate. Its successful results have been widely documented. We have some documentation in our full testimony as submitted. A principal from Waianae, Hawaii, wrote: "Parents and teachers and pupils feel that the RIF project is a valuable contribution to our recent gains in reading scores as shown in our annual testing results."

This program is a judicious investment for the Government. Ever since it was first enacted, RIF has held the Government's cost to well under $3 per child per year. For this small sum, the 3,200 projects now operating in the 50 States and here in Washington, D.C. are offering 7.7 million books to 2.3 million children every year. Nearly 102,000 volunteers are involved, and 6,200 local businesses and community groups are donating time, services, and local matching funds.

Moreover, for every dollar that the Government invests, we estimate that RIF in our local projects are contributing more than $3 in private funds, goods, and services.

Because this program is succeeding and because communities want it, because it addresses our Nation's critical needs for more literate citizens and employees, and does so at a uniquely low cost, and to prevent further erosions in services, we urge the committee first to deny the administration request to waive section 583(b)(1); and second, to restore the appropriation in fiscal 1984 to $6.5 million. With this amount, RIF can continue to serve nearly 2 million children.

In conclusion, I respectfully request that our full written testimony be inserted in the record, and thank you again, Mr. Chairman, for the opportunity to testify.

Senator INOUYE. A few years ago statistics were released which suggested that 52 percent of the adult Hispanic population was functionally illiterate, 46 percent of black adults were functionally illiterate, 17 percent of white adults were functionally illiterate. And now the Commission on Excellence comes out and tells us that 13 percent of the junior class students in our high schools were functionally illiterate. These are persons who have great difficulty in reading labels, instructional labels, and understanding what these instructions are all about.

Now, if these statistics are correct, then the least we should do is at least triple what you are requesting. These are people who can't read.

Mrs. RICHARDSON. I quite agree. And we feel that in getting the children excited about reading when they are young, we can prevent them from becoming part of those horrendous statistics. We could easily spend three times as much as we do, since we get requests for new programs at about 80 a month, that we have to turn away for lack of funds.

Senator INOUYE. And as you know, we find it necessary to recruit these men into the service, those functionally illiterate men.

So, I can assure you that—I am certain that the chairman will go along with me—we will do everything to at least get what you are asking for and maybe add a few more dollars.

Mrs. RICHARDSON. Thank you very much.

Senator INOUYE. I hope you can handle that.

Mrs. RICHARDSON. I'm sure we can.

Senator INOUYE. Thank you.

[The statement follows:]

STATEMENT OF MRS. ELLIOT RICHARDSON

Reading Is Fundamental, Inc. (RIF) thanks the Committee for the opportunity to testify on the FY 1984 appropriation for the Inexpensive Book Distribution Program (IBDP, Education Consolidation and Improvement Act of 1981).

Reading Is Fundamental has administered the IBDP since 1976 under contract with the Department of Education. The program is based on the method RIF has employed to wide acclaim since 1966 — inspiring children to read by giving them the opportunity to own books — and since the Federal IBDP began, it has proved itself a highly successful, nationally popular, refreshingly inexpensive way for the Government to help communities turn their children into competent and willing readers.

FOR FY 1984 READING IS FUNDAMENTAL MAKES TWO RECOMMENDATIONS:

1. That the Committee reject the Administration's request to waive Section 583(b)(1) of the Education Consolidation and Improvement Act (ECIA) of 1981.

In enacting the ECIA, both Houses of Congress, with bipartisan support, incorporated the following wording into Chapter II, Subchapter D, Secretary's Discretionary Fund, Section 583(b)(1):

> (b) From the funds reserved for the purpose of this Section, the Secretary shall first fund
>
> (1) The Inexpensive Book Distribution Program (as carried out through "Reading Is Fundamental"...at least in amounts necessary to sustain the activities at the level of operations during Fiscal 1981...
>
> (Italics ours)

The appropriation for each of the Fiscal Years 1981, 1982 and 1983 was $5.85 million.

Last year, when the Administration first requested a waiver of Section 583(b)(1), reports of both the House and Senate Appropriations Committees clearly rejected the request and ensured that funding for Reading Is Fundamental would continue at the level required by the legislation.

Once again, for FY 1984 the Administration is requesting special appropriations language to waive the provision of Section 583(b)(1).

Alarmingly, the Department of Education Budget Justification proposes that "For 1984, approximately $5,850,000 will be used for the IBDP in order to continue program activities at about the same level as 1983."

(Italics ours)

The law says that the Secretary shall fund the IBDP on at least the 1981 level, not at "approximately" the 1981 level.

2. That the Committee specify in its report that the funds for the IBDP be restored in FY 1984 to the FY 1980 level of $6.5 million.

For three years the IBDP has been level-funded at $5.85 million. Economic conditions during this period have made level-funding tantamount to a reduction. Because of the rising cost of books and inflation in other areas, level-funding has forced this program to reduce — by approximately one-third — the number of children being served. In three years of funding at the $5.85 million level (FY 1981 - 1983), the IBDP has had no alternative but to withdraw services from more than 700,000 young people.

Level funding for Fiscal 1984 would force RIF to halt services to an additional 300,000 children — bringing to 1 million the total number of children dropped from the program in four years.

We would like to remind the Committee that in FY 1980 the IBDP was funded at $6.5 million. Funds were reduced to $5.85 million in FY 1981.

- Because the IBDP has proved successful at getting children to read at the low cost to the Government of $2.52 per child per year;
- Because there is continuing demand for the program from communities nationwide — at the rate of 80 requests per month;

- Because we can predict that services to many more children will be lost if the IBDP is level-funded once again,

Reading Is Fundamental feels well justified in requesting the Committee to fund the IBDP at $6.5 million in FY 1984.

AN INEXPENSIVE PUBLIC/PRIVATE PROGRAM THAT WORKS AND DRAWS ACCLAIM FROM PARENTS AND EDUCATORS

Three years of level-funding and escalating book costs have clearly taken their toll. If the Committee funds the IBDP at the legislatively mandated minimum of $5.85 million, RIF will continue to lose ground. With restoration to the $6.5 million level in FY '84, we could maintain the program at roughly the level projected for FY '83.

The simple grass-roots, community-involvement approach of the IBDP has changed the reading habits and improved the skills of millions of children. We have reported to this Committee before on research that has highlighted the IBDP's results around the nation.

In the last year, RIF conducted a survey of RIF programs nationwide to identify the effects the program is having on the children they serve. More than 90 percent of those responding were teachers, school administrators and other educators, librarians and parents.

In each case, at least two-thirds of all respondents said, among other things, that because of RIF and the IBDP children are more interested in reading and their reading habits have improved; reading achievement and general school achievement have increased; use of libraries and parent involvement in the schools has risen.

Responses were highest in the crucial areas of increasing reading achievement (81 percent), changing long-term reading habits (86 percent), improving attitudes toward school (87 percent), increasing use of libraries (87 percent), helping teachers to motivate children to read (91 percent), interesting children in reading over the long-term (94 percent).

The Department of Education, too, recognizes the success of the IBDP. Its 1984 Budget Justification states: "In a 1980 study by the General Research Corporation...Respondents reported their beliefs that the program represented the only source of books most participating children had in their homes, that it stimulated greater involvement by parents in their children's reading activities, and that it had a beneficial impact on school-community relations and school-parent relations. The study also found that a majority of the students receiving books developed an over-all motivation to read, had positive attitudes toward themselves as readers, used a library, and brought books home."

Because the program does work, and because it is simple and economical for local volunteers to operate, communities have demonstrated an avid demand for the IBDP -- a demand that budget cuts have prevented RIF from meeting.

In 1981, when funds for the IBDP were reduced by 10 percent, RIF had pending 1,200 requests for book funds, none of which could be satisfied. Although RIF has widely advertised the shortage of IBDP funds, requests for them continue to arrive at the rate of 80 per month. Since funds were reduced in 1981, we estimate that RIF has been forced to deny 3,600 requests -- representing services to 2 million children.

Budget reductions have also required RIF to cut by 10 percent the funds allocated to existing RIF projects. The effects have been sorely felt. "It is a personal feeling," wrote a remedial reading teacher from Norwalk, Connecticut, "that...RIF...is in dire trouble simply because we cannot continue to meet with program guidelines that require the same amount of work, if not more, while at the same time expect to receive so much less because of loss in funding...How can we promote reading and, at the same time, have to explain to children that we are cutting back in this very area?"

A school administrator from Vernonia, Oregon, pointed out that budget reductions impaired the quality of his RIF program: "The amount of money available was insufficient to allow us to provide an adequate selection of books on all grade levels."

AN ECONOMICAL PROGRAM THAT ATTRACTS PRIVATE INVESTMENT

Despite rising book prices, Reading Is Fundamental is still operating the IBDP at the low cost to the Government of $2.52 per child, per year.

The Government's investment in the IBDP is judicious. For the low unit cost of $2.52, in the current year some 3,200 local RIF projects offered 7.6 million books to 2.3 million young people. The projects operated in all 50 states and the District of Columbia. Nearly 102,000 volunteers and more than 6,200 private businesses and community groups donated time, funds and services.

Moreover, the Government investment catalyzes private support for the nation's reading campaign. For every $1 the Government appropriated for the IBDP in 1983, Reading Is Fundamental and local projects are estimated to be contributing more than $3 in private funds, goods and services.

READING --- KEY TO ALL EDUCATION

This Committee well knows the disgrace of functional illiteracy in our wealthy and powerful nation --- that at least 23 million adults cannot read adequately and millions of children are in danger of falling into the same pattern.

In these days when much is heard of the need for technical education, it is good to recall that all vocational training, all school subjects, all higher education rests on reading. The person who cannot read fluently cannot master a technical job in industry, train as an engineer, function as a research scientist. Reading is the bedrock of the educational process, and ought to be the first focus of all our educational efforts.

IBDP SUCCEEDS, IS IN DEMAND --- SHOULD BE FUNDED AT $6.5 MILLION

Level-funding for the last three years has forced RIF to withdraw IBDP services from 700,000 children. If funding is again held to $5.85 million, we predict that another 300,000 children will be denied the chance to own books.

Agreement seems virtually unanimous that the IBDP is succeeding --- it is motivating children to read more and to sharpen their skills; it is actively involving parents and communities in education and the schools.

It addresses our nation's critical need for a more literate citizenry and labor force, and does so at a uniquely low cost. The IBDP has enthusiastic acceptance among parents, national education groups, corporations and local businesses, teachers and librarians.

For these reasons we respectfully urge the Committee:

(1) To deny the Administration's request to waive Section 583(b)(1);

(2) To fund the IBDP in FY 1984 at the FY 1980 level of $6.5 million.

STATEMENT OF PAUL PERITO, ESQ., PERITO, DUERK, CARLSON & PINCO, REPRESENTING WASHINGTON WORKSHOP FOUNDATION

ACCOMPANIED BY:
THOMAS BERKLEY, DIRECTOR, CONGRESSIONAL SEMINAR
SHARON SEEVERS, DIRECTOR, ADVANCE CONGRESSIONAL SEMINAR

Senator INOUYE. Our next witness is Mr. Paul Perito of Perito, Duerk, Carlson and Pinco.

Mr. PERITO. Thank you, Mr. Chairman.

Mr. Chairman, I come here not as a member of my firm or a practicing trial lawyer, but I have the honor of serving in a pro bono capacity as chairman of the board of the Washington Workshops Foundation.

With me on my right is Mr. Thomas Berkley, who is director of the congressional seminar; and on my left is Ms. Sharon Seevers, who is director of the advance congressional seminar.

I know, Mr. Chairman, that the workshop is not a unique entity to you and members of your committee. I have had the pleasure over the years of working with the workshops, initially when I was chief counsel of the Crime Committee on the House side 13 years ago when Claude Pepper was chairman of that committee. And then over the years I have had the pleasure of occasionally speaking to workshop members.

We come before you rather at a difficult time, in light of the fiscal restraints that are imposed upon this committee. We, perhaps, may well surprise you in the request that we make of you, albeit a modest one.

For 16 years, this innovator of exposure of young people to the processes of legislation has been self-sustaining. It is a private, nonprofit, nonpartisan organization. Unfortunately, in recent years—particularly the last few years—because of severe budget restraints on families and on many of the corporate entities that have and continue to support the foundation, we have been concerned that many students who, heretofore, were able to participate in the workshops, are not now able.

The dialog you have had with the former speakers is terribly apt to our situation at the present time. We see the workshops as a private educational arm of the Congress. The workshops were the innovator of bringing young people, secondary students, to Washington for the purposes of interaction with Members and their staffs and other governmental entities.

In the evenings these young men and women are up on the Marymount campus with academic direction, and they, in fact, study the essence of their experiences during the day, ending in a model congress with the production of an actual piece of legislation.

The fact is, Mr. Chairman, as you well know there is shocking abysmal ignorance of young people about the functioning of their Government. A recent report in U.S. World News states that one-fourth of the youngsters surveyed believe that they cannot participate in the establishment of a new political party because it is against the law; 50 percent of the students surveyed in this recent issue don't know the names of their Congressmen or Senators; 30 percent don't know the names of their Governor; and 4 out of every 10 believe that the President can declare unconstitutional an act of Congress.

We come and ask for a modest amount of money, $250,000, to enable us to continue our program to bring 500 students in the coming year to Washington on scholarships. We have a track record. And the record is that as the result of 20,000 students going through our program since 1957, we have been able to produce some future leaders. We have 20 to 25 students who are now working as legislative aides in this body and the other body. We have students who are now full-time participants in jobs in local and State governments. We have three students who almost secured seats in the House of Representatives.

As a trial lawyer, I know demonstrative evidence is terribly relevant to making an informed decision. The fact is that we have been a veritable forum for an educational need that has been, unfortunately, overlooked in this country. We ask for a limited mount of money; there is precedence for this. A group that was formed subsequent to ours, the Close-Up Foundation, received Federal funding from the 91st Congress in 1972.

We trust that this will not be a long-term request, and hope that with this small amount of funds, we can continue to deliver the type of education services that are in great demand. As Ernest Boyer, former Commissioner of Education said, "Our young people are in the process of drifting unwittingly into a new dark age."

It is clear from the surveys and data that have been established and taken during the past few years—and I point to the last survey by Who's Who in American College Students, that unfortunately the confidence level in the Congress is behind the clergy, the Presidency, the FBI, and only slightly higher than the CIA. And this is 10 years after Watergate.

We think we are assisting in reversing that trend. The foundation, as you know, has received many awards; among them the three-time winner of Freedom Foundation award, and we think that this laudatory program should not be lost, and trust that this committee will seriously consider and support our request for this amount of modest funding.

We thank you and your committee for your consideration of this. I trust that our entire statement will be included in the record.

Senator INOUYE. It has.

Mr. PERITO. I have attempted to summarize the essence of that, Mr. Chairman.

Senator INOUYE. Having participated in your program since its inception, I am well aware of what it does. However, you have one problem—there is no authorization for appropriating funds.

Mr. PERITO. I understand that, Mr. Chairman.

Senator INOUYE. And, without that authorization we can't do much here.

Mr. PERITO. We would trust—we would ask the committee to consider an appropriation contingent upon securing such authorization, which——

Senator INOUYE. What is the present status of the authorization?

Mr. PERITO. At this time we are working on a submission of authorizing legislation.

Senator INOUYE. The bill has not been introduced?

Mr. PERITO. Not at this point.

Senator INOUYE. I doubt, if under those circumstances, this committee will take the step you suggested.

Mr. PERITO. Would you at least give it consideration?

Senator INOUYE. Oh, yes, but I would suggest that before we can do that the bill would have to be on the verge of passage; either one House has passed and the second House is ready to act and the President has requested the bill language. But, otherwise, as your case would show, not having been introduced yet, I doubt very much if we can get anywhere with that. I am just being honest with you.

Mr. PERITO. Well, I appreciate your candor. We thought it important that we establish a public record as to what we are doing, and we will work on the authorizing process.

Senator INOUYE. I wish you luck, sir.

Mr. PERITO. Thank you.

Senator INOUYE. Your statement will be placed in the record at this point, along with other statements submitted for the record on appropriations for elementary and secondary education.

[The statement follows:]

Statement of Paul Perito, Esq.

It is an honor to appear before the Subcommittee today on behalf of the Washington Workshops Foundation.

The Washington Workshops Foundation, a private, non-profit, non-partisan organization, established the Congressional Seminar as the first program in the Nation's Capitol to offer secondary school students the unique opportunity to study and participate in the American legislative process. Since the creation of the Congressional Seminar, other similar programs have begun. We have welcomed their involvement in spreading knowledge of the legislative process back to our nation's secondary schools.

I. The Congressional Seminar Program

Our award winning program is no stranger to the members of this Subcommittee, most of whom have addressed different sessions of the Congressional Seminar on numerous occasions since the program's founding in 1967. I know members can attest to the quality of excellence of the seminar program, the maturity of the high school seminar participants, and the incisive questions asked by these concerned young leaders of tomorrow. Over its 16 years of existence, approximately 20,000 young Americans have benefited from this program.

The Congressional Seminar program has received many awards and accreditation from the major educational associations in the country, including the National Council for Social Studies, the National Association for Secondary School Principals, and the Smithsonian Institution's Office of Elementary and Secondary Education. It has been a three-time recipient of the Americanism award of the Freedom Foundation of Valley Forge for "outstanding achievement in bringing about a better understanding of the American way of life."

The major portion of the initial one week Congressional Seminar is devoted to scheduled discussion meetings with members of the Senate and House of Representatives. These morning and afternoon sessions stress a question and answer dialogue format conducive to maximum student input. Sessions are also scheduled each week with officials of various government departments and agencies, such as White House staff, Pentagon officials and judiciary personnel.

The evening program is designed to supplement what has been learned throughout the day and is held on the campus of Marymount College of Virginia where the students are housed during their stay in Washington. The Workshops' Visiting Professor, who is from a distinguished college or university, conducts what is in effect a "debriefing" of the issues raised by speakers that day, providing added insight and analysis. Meetings of student committees, analogous to the House and Senate standing committees, culminate in an energetic debate at the "Model Congress" on the last evening of the students' stay in Washington.

An integral part of the Washington Workshops is the college campus environment and the use of the college academic facilities, adding an extra dimension to the learning experience.

II. The Advanced Congressional Seminar Program

Unique to Washington Workshops is its program offering college credit. The "Advanced Congressional Seminar" offers three credit hours through a one month combined internship and intense academic program. After completing the initial one-week congressional seminar, students have an opportunity to return to the Advanced Congressional Seminar program, at which time students are assigned an internship in a congressional office, usually correlated to the students' own state and congressional district. Students work closely with Workshops' academic staff in preparing a major research paper in conjunction with their internship. Marymount College, a four year accredited liberal arts college, offers three transferable credits to students successfully completing the second seminar. The Advanced Congressional Seminar is the oldest extensive national high school internship program on Capitol Hill.

Washington Workshops also offers a Junior High seminar which blends aspects of the Congressional Seminar with a program more suited to the needs of junior high students.

III. The Request for Partial Federal Funding

Since its founding 16 years ago, the Washington Workshops Foundation has been proud of its self-supporting status. Tuition payments from students and contributions from community, civic, and corporate groups have sustained the program through the years. During 1983, however, the unfortunate and difficult state of the economy has dramatically undermined the ability of students to pay tuition and the capacity of other business and charitable organizations to supplement their traditional contributions to the Workshops.

In light of this rather unique fiscal predicament and the recognized worthiness underlying the Workshops' programs, we are formally requesting limited federal assistance for the first time in our existence. Late last year we sought minimal level of funding during markup of H.R. 7205, the Regular FY'83 Appropriations bill after our enrollment figures showed a reduction. The Committee's predominant concern at that time, as expressed in its report accompanying H.R. 7205, was the lack of a public hearing record. S. Rep. No. 982, 97th Cong. 2d Sess. p. 108. The Committee did, however, express in its report language the following:

> With regard to the Washington Workshops program, the Committee is impressed with the preliminary information provided about the important work that Washington Workshops performs in bringing senior high school students to the nation's capital to study the federal government and observe it first-hand.... The Committee intends to explore the role of the Washington Workshops program at its next round of hearings and hopes to be able to act favorably on providing funds at a later date. Id.

We recognize that this is a very difficult time of severe budgetary pressure for us to ask Congress for limited financial assistance. We must, nevertheless, make this effort so that we will be further able to maintain the quality of this worthy and mutually beneficial educational program for secondary school students and Congress. We see ourselves as an educational arm of the Congress and a builder of future civic leaders. Our track record in this regard justifies that conclusion.

The current recession and reductions in college educational loan funds have made it far more difficult for high school students to afford to attend our program in sufficient numbers to effect optimal economies of scale. After a proud history of self-sufficiency, we are asking for limited federal financial assistance to assist in carrying ourselves through this difficult period for our program.

Clearly, there is a precedent for federal assistance to a program similar to the Congressional Seminar. Under Public Law 92-506 (October 19, 1972) and subsequent amendments, the Close Up Foundation has received direct federal funding under a fellowship program named after the late Senator Allen J. Ellender. During Fiscal Year 1983, the Close Up Foundation will receive $1.5 million in federal funds. We recognize the formidable presence and valuable role served by the Close-Up program, which followed the Workshops' initial approach to bringing worthy secondary students to Washington to study and understand the processes of the legislative and executive branches of our government.

Our request is more limited. We seek funding of approximately $250,000 which will enable our program to be offered to well over 500 additional high school students who would be able to attend the program but for the currently depressed economic conditions. The cost-effectiveness of partial federal funding of our program would be outstanding because it would enable our program to reduce its per capita overhead while providing an invaluable educational experience to high school students of limited economic means.

The long-term benefits of our program are well documented. I would like to submit for the written record several Congressional Record inserts commending Washington Workshops. The ultimate proof of the Washington Workshops' effectiveness is in the involvement that Workshops alumni have shown after their education in the two senior seminar programs. Local and state elective offices, permanent staff positions on Capitol Hill, delegates to both the Democratic and Republican National Nominating Conventions, are a few of the positions that Workshops students have gone on to occupy. On several occasions, we have come very close to having an alumnus as a member of the United States House of Representatives.

On behalf of the Washington Workshops Foundation, I thank the Subcommittee members for the individual support you have shown for our program through the years. We would appreciate any assistance you could offer us now on the appropriations measure the Subcommittee and the full Committee will be working on in the next few months.

[From the Congressional Record, Oct. 25, 1977]

WASHINGTON WORKSHOPS CONGRESSIONAL SEMINAR

Mr. INOUYE. Mr. President, earlier this year I had the pleasure of addressing a group of young student leaders from all across the United States. These fine scholars were all participating in the Washington Workshops Congressional Seminar, a 1-week study seminar conducted during the winter, spring, and summer focusing on the legislative process.

At this time I would like to commend the founding director, Mr. Leo S. Tonkin, and the dedicated staff of the program for offering this successful program continuously for the past 10 years. October 25 will mark the 10th anniversary of the Washington Workshops Foundation.

Since 1968, more than 11,000 young Americans have had the opportunity to study in our Nation's Capital as part of this unique program. As you may recall, the summer of 1968 was a most trying time for our Federal City, yet the first sessions of the Washington Workshops were a tremendous success. The seminars, 2 weeks in duration at this time, were offered in cooperation with Georgetown University. Close to 300 students participated over the course of this first summer. From 1969 to 1975, the students were housed at Mount Vernon College and gradually the program expanded to winter seminar offerings enrolling close to 1,000 students annually. During our Bicentennial celebration, the program moved to its present location, Marymount College of Virginia with 10 seminar sessions registering 130 students each seminar week.

This is an exceptional opportunity for students to personally present to the leaders and policymakers of Government their concerns and feelings about America, and, in turn, receive answers reflecting the highest level of government thought. May I wish the Washington Workshops Foundation continued success in the future and may the foundation receive the support of my colleagues which it so ably deserves.

WASHINGTON WORKSHOPS FOUNDATION

Mr. WEICKER. Mr. President, I would like my colleagues to join me in recognizing the 10th anniversary of the Washington Workshops Foundation. As many of you are aware, hundreds of high school student leaders from across the United States participate annually in this 1-week seminar, studying the human and practical elements of our National Government. The purpose of the Washington Workshops is twofold: To offer in-depth study and on-the-scene involvement in the American legislative and political process and, at the same time, to communicate this voice of American youth to our governmental leaders.

On numerous occasions I have had the opportunity to address these student groups and I am always impressed with the incisive questions asked by these concerned young leaders.

A nonpartisan foundation, the Washington Workshops annually offers a 3-week, high school, academic internship program as a followup seminar to the 1-week dialog experience. Several of these young Americans have worked on my staff over the past 9 years. Their dedication and willingness to do whatever is required has been most gratifying. They are concerned and involved individuals, determined to find solutions to the problems which frustrate all of us today.

May I offer my support and continued best wishes for the success of the Washington Workshops Foundation in the decades ahead as they now celebrate their 10th anniversary.

WASHINGTON WORKSHOPS FOUNDATION

Hon. Claude Pepper

OF FLORIDA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, October 25, 1977

Mr. PEPPER. Mr. Speaker, over the past 10 years, I have had the opportunity to address a marvelous student group known as the Washington Workshops Foundation. On October 25 this foundation will be celebrating its 10th anniversary. I should like to bring this to my colleagues' attention and ask that they join me in extending hearty congratulations to the founding director, Mr. Leo S. Tonkin.

I have known Leo for a long period of time and have always been impressed with his unceasing dedication and commitment to recognizing the potential of our youth. He developed an award-winning program in the legislative process for high school student leaders from across the United States. He has always maintained a political balance in the seminar sessions, so as to expose the participants to all aspects of the political continuum. Officials of the executive and judicial branches also address the student sessions. Mr. Tonkin's unswerving concern and support of these students needs to be recognized by educators around the country. Many of these young Americans have gone on to hold positions of leadership in their local communities or have been elected to serve as delegates to the Republican and Democratic conventions respectively. Many hold permanent staff positions on Capitol Hill.

I ask that my colleagues join me in congratulating Mr. Tonkin for recognizing the need to expose young Americans to the decisionmaking process. His faith in and support for their participation in our governing system is commendable. I congratulate him on his 10th anniversary as founding father and wish him every success for the future of the Washington Workshops Foundation.

WASHINGTON WORKSHOPS

Hon. Benjamin A. Gilman

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Thursday, October 20, 1977

Mr. GILMAN. Mr. Speaker, for the 10th consecutive year, the Washington Workshops Foundation has brought hundreds of high school student leaders to Washington to study the American legislative process. In celebrating its 10th anniversary October 25, 1977, I should like to commend the commitment and foresight of Mr. Leo S. Tonkin, its founding director, formerly a resident in my congressional district at Suffern, N.Y.

Mr. Tonkin, a graduate of political science from Johns Hopkins University and a law degree recipient from Harvard Law School, has had extensive background in education. Serving in a variety of staff and senior advisory positions to various educational select subcommittees, Mr. Tonkin presently serves on the board of directors of numerous colleges and universities around the country. He was the first layman to serve as chairman of the board of trustees of St. Thomas Aquinas College, Sparkill, N.Y., and the youngest chairman of a board in the United States.

In 1967 he decided to establish a unique student seminar for high school student leaders from across the country where they may learn of the practical and human elements of our National Government. As my colleagues may recall, the summer of 1968 was a most trying time for our Capital City. However, given his perseverance, the beginning of an award-winning educational seminar was launched. Since that time, more than 12,000 young Americans have had the opportunity to participate in this excellent seminar program. Due to Mr. Tonkin's immeasurable contribution to the foundation, he has received the admiration of students and staff alike. At a White House ceremony in 1974, President Ford presented Mr. Tonkin the Americanism Award of the Valley Forge Freedoms Foundation for "outstanding achievement in bringing about a better understanding of the American way of life."

Having addressed several sessions of these student groups, I can readily testify to the high academic standards set by the foundation and the excellent program balance offered to these aspiring young Americans. I heartily commend Mr. Tonkin on his valuable educational seminars and wish him success as he continues to educate our leaders of tomorrow.

[From t[illegible] Congressional Record]

A YOUTH VIEW FROM THE INSIDE

HON. THOMAS P. O'NEILL, JR.

OF MASSACHUSETTS

IN THE HOUSE OF REPRESENTATIVES

Monday, January 30, 1975

Mr. O'NEILL. Mr. Speaker, in the November 1974 issue of Youth Reporter, there is an interesting article by Brian O'Connor, who participated in the Washington Workshops program and tells all he learned while on the Hill.

Washington Workshops does a splendid job educating these young women and men and deserves support of their effort.

The article follows:

WASHINGTON WORKSHOPS—A YOUTH VIEW FROM THE INSIDE

(By Brian O'Connor)

Every year millions of people come to Washington, D.C., to find in the countless memorials the spirit of the great men who, from a violent birth in a despotic world, established the first great free nation upon the face of the earth. But mens' souls do not live in marble.

The true spirit of our forefathers lives where those who are willing to search deeper than a frozen gaze of stone may find it. Humans forged this nation and humans continue the work. The search for the "American Heritage" is fulfilled in the discovery of the people who devote their lives to service to their country.

In the past ,the human side of government has not been available for public scrutiny and study. The House and Senate galleries were as close as anyone could have hoped to approach their government. But mere physical proximity of the people to their leaders is as meaningless a personal experience as the contact of eyes with the impersonal words of a daily paper.

CLOSING CHASM

The appalling lack of public involvement, while public tourism flourishes, has created a chasm between the citizens and the leaders of this country of Grand Canyon-esque dimensions. This division has given an alarming number of our elected and appointed officials—as evidenced by the tragedy of Watergate—a feeling of immunity from prosecution, an opportunity for aggrandizement, a sense of security while ignoring the law. But the gap is closing and integrity is slowly returning now that citizens are coming to Washington as educated, informed, and concerned individuals rather than as gawking tourists.

Much of the credit for the current awareness must go to Leo S. Tonkin, a Harvard Law School graduate, who came to Washington as a student intern and immediately recognized the need for government education through personal interaction and involvement with its leaders.

He has continually expounded the view of Thomas Jefferson: "A nation that expects to be ignorant and free in a state of civilization expects what never was and will never be."

In 1967, Washington Workshops Foundation was created by Mr. Tonkin in order to replace ignorance in the operations of the Federal Government with education through a program entitled, "The Congressional Seminar."

FIRST SEMINAR

In the summer of 1968, Mr. Tonkin brought 300 students to Washington for the first session of the Congressional Seminar. The Workshops Foundation received its baptism by fire for that summer the city was engulfed in the flames of riots which followed the murders of Martin Luther King, Jr. and Robert F. Kennedy.

At this time it was difficult to find government officials who were willing to devote their time to talk to young men and women who would most likely ask embarrassing questions. But there were people who showed interest in youth and welcomed the opportunity to meet in seminar sessions with them, and thus with the first dynamic session lauded as an "overwhelming success", the Workshops dream was consummated.

Since that summer the Workshops Foundation has generated tremendous growth in both interest and participation. In 1975 nine sessions of the Congressional Seminar, with over 100 students comprising each session, will be offered. Senators, Congressmen, Supreme Court Justices, Cabinet members, Pentagon staff, Ambassadors, lobbyists, professional staff, personnel, and numerous other government officials will have dialogue sessions with the students in the various government office buildings.

While current issues and contemporary events are of major importance in the dialogues between the students and speakers, the search for a personal interaction is encouraged by the director, Mr. Tonkin.

EXPERIENCE RECALLED

Howard Ibach, who was a Congressional Seminar student during 1973, recounts an experience during his week in Washington: "During a seminar with Barry Goldwater, Jr. of California at the Rayburn House Office Building, I came to realize that questions regarding his stand on pending legislation and moral issues were just repetitions of what I read in the paper, hear on the news, or could receive in a typed letter from his office. I asked him, 'Congressman, why did you become a Congressman?' He paused for a second and then answered, 'Thank you for asking that question.' He then proceeded to outline the complete background of his motivation and desire for public service and recognition. It was an unusually enlightening and personal experience for me. I had sought and, I believe, succeeded in discovering the 'man behind the myth', so to speak, which is what I feel the Workshops program is all about."

The follow-up opportunities available to students who are interested in extending their government involvement and education beyond the Congressional Seminar are varied. The National Student Advisory Committee, which is only open to those who have completed the Congressional Seminar, is an organization designed to act as a channel for constructive student proposals and amendments to the program. Annual meetings are held throughout the United States. Student editorial projects written by Workshop students command national distribution through the Workshops' mailing list.

Since 1969 the Advanced Congressional Seminar has been offered to Congressional Seminar alumni. The Advanced Seminar entails a three-week internship in the Office of a member of the House or Senate, and three transferable college credits are available to the Advanced Seminar students through a research project written during their tenure in the program.

A PROFOUND EFFECT

Dorothy Hogg, who worked in Congressman Peter N. Kyros' office as a student in the Advanced Congressional Seminar, expresses her feelings on her three weeks sojourn to the nation's capital: "Working in Congressman Kyros' office has had a profound effect on me. I had never been able to appreciate the hard work and dedication which a seat in Congress requires. The opportunity to work not only for a committed man, but for his constituents as well, has given me a sense of accomplishment which I had never known before my involvement with the Washington Workshops."

A unique and innovative factor of the Workshops program is the student residence at Mount Vernon College in northwest Washington. The academic ambience of a college campus is much more endemic to an educational and social experience than a hotel, which is one reason why the Workshops has been so successful while hotel-based student programs in Washington have come and gone through the years. The freedom, and responsibility of dormitory residence has proved to engender an unexpected maturity by the teen-age students. Young men and women from every social, economic, and geographical background of the country who participate weekly in the Congressional Seminar create a microcosm of the society as a whole.

John McGowan, a former student of the Congressional Seminar, and subsequently an intern in the office of Congressman John Ware of Pennsylvania through the Advanced Congressional Seminar, writes: "For me the most meaningful experience while in Washington was the chance to meet and talk with people my own age from all over the United States. Just the contact I made with others made my whole involvement with the Washington Workshops worthwhile. I have learned through this contact how essential sincere dialogue and an open mind are to understanding persons from different backgrounds. I will always be grateful for the opportunity to broaden my horizons in experience and understanding."

A FULL SCHEDULE

While the students have the option to delegate their own time as they choose, for those who wish to take advantage of them, a full schedule of social, athletic, and cultural activities are offered. The campus sports develop into competition between the Congressional Seminar and the Advanced Congressional Seminar, dubbed Washington Workshops I and Washington Workshops II respectively.

At the end of each session of the Congressional Seminar, a dance is held with a live band. Tours of monumental Washington are organized during free time along with bus rides to outdoor concerts at the Jefferson Memorial, the Capitol steps, the Tidal Basin, and other sites. The close proximity of the vibrant Georgetown section offers students hours of browsing pleasure along with the visual spectacle of that historic yet youthful section of Washington.

The week of the Congressional Seminar culminates in a model Congressional session held at Mount Vernon College and chaired by House Floor Manager Donald K. Anderson. During the week the students divide into five committees: Education, Foreign Affairs, Interior and Insular Affairs, Judiciary, and Select.

General resolutions intended to produce a "sense of the seminar" are written and discussed in the committees and presented to the "committee as a whole", the assembly of the students. The resolutions are debated according to the parliamentary rules of the House as interpreted by Mr. Anderson and then voted upon. The sense of the seminar has proved to be a valuable tool in the practical education of the students.

Both the art of forensics and the compromise of politics come into play during the debate and therefore provide a unique forum where the role of government may be learned.

THE ULTIMATE PROOF

The ultimate proof of the Washington Workshops Foundation's effectiveness in promoting interest in the system of American Government is the involvement that Workshops alumni have shown after their education through the Workshops. Delegates to both the Democratic and Republican National Nominating Conventions, permanent staff positions on Capitol Hill, local and state elective offices, are a few of the positions that Workshop students have gone on to occupy. It is not unlikely that the future will see the first Workshop alumni occupying a seat as a member of Congress.

ABOUT THE AUTHOR

Brian O'Connor, a former participant in the Congressional Seminar, is currently a freshman at Harvard College. His home town is Moorestown, N.J.

He was assisted in the preparation of this article by three other former participants in the 1974 Washington Workshops: Howard Ibach of Milwaukee, a high school senior at Nicolet H.S., who interned in the office of Sen. Gaylord Nelson of Wisconsin; Dorothy Hogg of High Point, N.C., a freshman at the University of Virginia, who worked as an intern in the office of Congressman Peter N. Kyros of Maine; and John McGowan of Malvern, Penna., a freshman at George Washington University, Washington, D.C., who worked as an intern in the office of Congressman John H. Ware of Pennsylvania.

O'Connor worked as an intern in the Washington Workshops Foundation Office.

For more information on the program contact: Washington Workshops; 1329 E Street, NW; Suite 1111; Washington, D.C. 20004.

WASHINGTON WORKSHOPS

HON. GORDON ALLOTT

OF COLORADO

IN THE SENATE OF THE UNITED STATES

Mr. ALLOTT. Mr. President, I would like to take this opportunity to advise my colleagues and friends of a most interesting and worthwhile program for high school students which is being conducted here in Washington, D.C. I am referring to the Washington Workshops, a summer seminar program which offers secondary school students a unique opportunity to study and participate in the American legislative process.

The participants spend nearly 2 weeks here in the Nation's Capital. Their time is devoted to classes in government affairs, conducted by graduate student instructors, and visits to Capitol Hill to hear various Senators, Congressmen, and staff personnel. These daily congressional dialogs range from the mechanics of the legislative process to personal political insights into issues of domestic and international concern. The remainder of the time is divided between group discussion sessions, embassy receptions, and other special events.

The Washington Workshops Congressional Seminar is offered in cooperation with Mount Vernon Junior College in Washington, D.C., where many of the classes are held and where the student participants live throughout the program.

This summer 60 of last year's students returned to Washington to participate in an advanced congressional seminar. The seminar format included 2 weeks of intensive legislative process study followed by 2 weeks of work in a congressional office, enabling the students to gain a firsthand exposure to the congressional process.

Close to 1,000 young Americans are in this summer's program, and they come from small towns and large cities across the country. In some cases local school districts have used title I, Elementary and Secondary Education Act funds to send deprived children to take part in the workshops. Concerned corporations, such as Fieldcrest Mills and the Western Electric Co., also are underwriting the complete cost of participation for disadvantaged youngsters.

I heartily commend Washington Workshops, its founder and director, Leo S. Tonkin, and its competent staff who have worked long and hard to make this splendid program available to a growing number of alert and sensitive young Americans. Programs such as this do a marvelous job in showing first-hand to our teenagers the intricacies and the workability of our great system of American Government.

WASHINGTON WORKSHOPS WORK FOR YOUTH

HON. CLAUDE PEPPER

OF FLORIDA

IN THE HOUSE OF REPRESENTATIVES

Mr. PEPPER, Mr. Speaker, I just had the pleasure of meeting and talking with 150 high school students who have come here to the Nation's Capital to participate in the Washington Workshops on the U.S. Congress. The purpose of these Washington Workshops – to be carried on throughout the summer – is twofold: To offer in-depth study and on-the-scene involvement in the American legislative and political process and, at the same time, to improve the lines of communication between the Nation's leaders and its young people – the leaders of tomorrow.

I have participated in the workshops both last year and at the present time, and I am so encouraged by the program that I would like to tell my colleagues more about it.

Washington Workshops, a nonprofit educational foundation, founded by my friend Leo Tonkin, offers the only study program on the U.S. Congress for high school students in the Nation's Capital, and has received the cooperation of the National Council on Social Studies of the National Education Association, the National Catholic Education Association, and the National Association of Independent Schools.

As I previously mentioned, I have just met with the first group of students and it was an experience that reinforced my confidence in America's young people. They are concerned and involved, and determined to find solutions to the problems that frustrate all of society today. Many of these splendid young Americans will be here for the remaining 2-week Workshops this summer.

WASHINGTON WORKSHOPS SEMINARS IS VALUABLE PROGRAM FOR HIGH SCOOL STUDENTS

HON. HENRY S. REUSS

OF WISCONSIN

IN THE HOUSE OF REPRESENTATIVES

Mr. REUSS. Mr. Speaker, on July 15, I had the opportunity to meet here on Capitol Hill with a large group of high school students who had come to Washington from every part of the country to participate in the Washington Workshops Seminar on the Congress of the United States.

I enjoyed my meeting with students participating in the July 11-July 22 seminar. I was impressed by their awareness of national issues and their commitment to building a better America.

The Washington Workshops Foundation is performing a valuable service by giving young people a chance to learn firsthand about their Government, and to have a dialog with Members of Congress and Senators. I commend a series of questions and answers on the Washington workshops program to my colleagues.

WASHINGTON WORKSHOPS: A LESSON IN COMMUNICATION

HON. BROCK ADAMS

OF WASHINGTON

IN THE HOUSE OF REPRESENTATIVES

Mr. ADAMS. Mr. Speaker, I recently had the opportunity of meeting and talking with some 150 high school students from all across the country. They are here to study firsthand the U.S. Congress and they are participating in an imaginative program called the Washington Workshops.

The Washington Workshops were established in 1968 to offer the Nation's young people the chance to study and see their Government in action, and to communicate with the elected leaders with whom their future has been entrusted. I can confirm that these purposes are indeed being fulfilled by the Washington Workshops.

These young people, who soon will be the students and leaders on our college campuses, have a lot of questions to ask concerning the direction in which this country is going – the country which they will inherit to lead not too many years hence. Their questions, like the students who pose them, are aware and concerned. They challenge myths and they demand honesty. They are filled with frustration, but hope as well. They will not be answered by easy excuses or tired resolve.

But America's young people also want to listen, to learn. More than 50 Congressmen and Senators of every political persuasion met with the Washington Workshops students. The students disagreed with many of their elected representatives, but they did not walk out. They conversed and attempted to communicate why they thought differently about the country and its problems and priorities.

The Washington Workshops offer a tremendous opportunity, then, for the Nation's young people – and its leaders – to converse, to talk with one another about where our country is going and – more important – where it should go. This is an opportunity for which I and my colleagues in this House are grateful. The Washington Workshops is offering something that is vitally important and needed today – a living lesson in communication.

WASHINGTON WORKSHOPS PROGRAM

Mr. PERCY. Mr. President, there has been a great deal of discussion and debate in the past months about the youth of the Nation. The newspapers, radio, and television constantly report on their activities. Unfortunately, most of what we see and hear is the bad news—what the youth of today is doing wrong.

I should like to point out a group of young people who do things right, the participants in the Washington Workshops program. For several years this program has brought interested high school students to Washington for the summer so that they might learn about our governmental process. Under the guidance of competent instructors, approximately 2,000 students have benefited from this program.

One student in particular, Jim Lackner, of Highland Park, Ill., exemplifies the type of student who participates in the workshops. After a year of careful research and debate, he was able to put down on paper a plan to improve our welfare system. His plan reflects the great thought he has given to one of our most pressing social problems.

Jim Lackner's plan was approved by the model Congress of the Washington Workshops. We do not have to agree with every feature of it to commend him for his creative thinking about a difficult social problem. I ask unanimous consent that it be printed in the RECORD.

WELFARE REFORM

I.

(1) Government gives grants to business to build and operate plants in high unemployment rate area;

(2) Government would pay overhead costs for training of hardcore unemployed; and

(3) A tax incentive for keeping these former hardcore unemployed at jobs for two years or more.

This part would signify the building of more business, thus cretating more job opportunities. Because there will be more people with jobs the factories built under this program will be successful in selling their products. (The Consumer Market will grow with more people working)

II.

(1) Agencies will be set up to obtain these new jobs for the unemployed;

(2) Those who are offered a job and are able to work, but turn it down for an unacceptable reason, will be excluded from the welfare roles;

(3) Day care centers will be available for one guardian-parent families, to enable those people to work, or anyone who requests their use;

(4) All those who take jobs, but whose salaries fall below the poverty level, will get compensation to that level by the government;

(5) Those who cannot work, will be afforded more money than at present time, due to the shrinking of the welfare roles.

This part would mean anyone who at present wants to work can, and also those who can work (on welfare roles) will;

Enable those who do not have physical or mental handicaps that would make working impossible;

Unacceptable reasons—Use excuses given for not working but do not fit the above definition of work.

WASHINGTON WORKSHOPS PROGRAM

Mr. RIBICOFF. Mr. President, for the third summer in a row, the Washington workshops program is bringing high school students from around our country to Washington to study the operations of the U.S. Congress. I was pleased to address the first session of this year's program and was pleased to receive a resolution signed by over 100 participants and staff members expressing their enthusiasm for this program and their appreciation of the efforts of Mr. Leo S. Tonkin, seminar director.

I ask unanimous consent that the text of this resolution be printed in the RECORD.

RESOLUTION

We, the participants of the first session, third summer of the Washington Workshops ("the Congress of the United States Seminar") would like to take this opportunity to express our appreciation to Mr. Leo S. Tonkin for offering us this unique educational experience."

Mr. Tonkin, as Seminar Director and Chairman of the Washington Workshops Foundation (a private, non-profit educational association) has received the admiration of both students and staff as a result of his commitment, dedication, involvement and unfailing generosity to the Workshops. He has worked not only on an administrative level but has given his time to us in debate and discussion both on campus and on Capitol Hill.

From the first "Congress of the United States Seminar" in 1965 at the Heights Study Center, to the establishment of the Washington Workshops Foundation in 1966, Mr. Tonkin has brought together over 2,000 students from diverse backgrounds and every area of the nation to share their thoughts and hopes with fellow students, instructors, members of Congress, and other concerned Americans.

Due to his immeasurable contribution to the program, Mr. Tonkin has received the lasting admiration of the students, and we feel this should be acknowledged. We would also like to extend our special thanks to the co-administrators, Mr. Paul George and Miss Sharon Seivers.

CONGRATULATIONS TO WASHINGTON WORKSHOPS FOUNDATION

The SPEAKER. Under previous order of the House, the gentleman from Michigan (Mr. GERALD R. FORD) is recognized for 5 minutes.

Mr. GERALD R. FORD. Mr. Speaker, today I would like to extend my congratulations to the Washington Workshops Foundation for the wonderful program which it is offering to this country's secondary school students.

The foundation which is offered in cooperation with Mount Vernon Junior College is a nonprofit educational foundation offering high school youngsters a unique opportunity for specialized summer study in the Nation's Capital.

The participants come from throughout the country to attend the 2-week seminars. Daily morning classes on the legislative process are conducted by graduate instructors. These classes are followed by afternoon visits to Capitol Hill where the group is addressed by various Representatives and Senators. The Congressmen lecture briefly on the politics of the legislative process. These talks are followed by a question and answer session between the participants and the Congressmen.

The Washington Workshops students come from every State in the country and from every social and economic background. A number of students are assisted by Title I funds for disadvantaged students under the Elementary and Secondary Education Act of 1965. Some of this country's larger corporations are underwriting the cost of participation for ghetto area youngsters.

Realizing that there is a need for more and better communication between the leaders and youngsters in this country, the Washington Workshops Foundation is taking meaningful measures to satisfy this need.

TRIBUTE TO WASHINGTON WORKSHOPS

Mr. HATFIELD. Mr. President, it is with great pleasure today that I, on behalf of the Senate, extend a warm welcome and hearty congratulations to the Washington Workshops Foundation. In these times of student unrest and explosive world crises, our concern must reach beyond the materialistic problems of the day to the enigmas which will foreseeably confront us in the future. But we cannot wait until tomorrow to start tackling the innumerable obstacles which block the road to peace and harmony on this earth. Such is the nature of these obstacles that, if they are to be overcome, we must start solving them now, today.

Every day this comprehensive sampling of eager, concerned young U.S. citizens venture onto the Hill in search of meaningful dialog with those who represent them. They listen to hearings, and meet as a group with various Senators and Representatives. But they do not stop there. Pains are taken to schedule key officials in the other two branches of our Government, including Cabinet Members and Supreme Court Justices. Their deep commitment to do something about the world they live in and their inexhaustible search for answers carry them out into the corridors of Capitol Hill, where they seek out and corner many more Representatives and Senators for a few minutes of hurried conversation.

I had the great pleasure of speaking with about 150 of these students. Their eagerness to learn, their awareness of what is happening today, their probing questions and well-reasoned remarks, excited me both as a Senator and as a former teacher. I was glad to be able to share my views with them as well as to learn what troubled and interested them. We spoke to each other; we listened to each other. Together we achieved the first step toward solving the many problems which confront us all: we communicated.

No words can express how important this task is that the Washington Workshops Foundation is undertaking. Without programs like this a true understanding between constituents and representatives cannot be reached. Without understanding, communication becomes impossible, and honest, energetic attempts to solve national and world problems are lost in a maze of emotions and frustrations.

Washington Workshops is offering an exciting challenge to us in the Government and to our high school students around the country. It is up to all of us now to meet it, support it, and participate in it in order that the greatest possible advantage for all concerned may be drawn out of it. Again I commend the Washington Workshops for its achievements and untiring efforts in the service to this country and its citizens.

STATEMENT OF THE CITIZENS COUNCIL ON WOMEN'S EDUCATION

The Citizens Council on Women's Education was established in September, 1982 as an independent project of the National Coalition for Women and Girls in Education. This volunteer Council is composed of women and men of both political parties who have expertise and demonstrated commitment to educational equity for women and girls. The Council is commited to assisting, monitoring, and enhancing public programs which are designed to expand opportunities for women and girls at all levels of American education.

The Citizens Council was established when it appeared that the new Presidential appointees and staff of the National Advisory Council on Women's Educational Programs (NACWEP), created by Congress in the Women's Educational Equity Act (WEEA), included few persons with knowledge and experience in educational equity. This lack of knowledge of or commitment to educational equity for women and girls became clear at the March meeting of the Advisory Council when the members did not discuss the pending appropriation for WEEA. Since these official advisors failed to discuss this important matter and to make recommendations to the Congress, we trust that our testimony will fill the gap left by the Advisory Council.

WEEA was enacted by Congress in 1974 when it recognized that the development, demonstration, and dissemination of projects of national significance was necessary in order to provide equal educational opportunity for women and girls. Congress consistently recognized the importance and success of WEEA projects when it increased WEEA's appropriations during the years 1975-1980. Despite the President's request to consolidate WEEA into the Education Consolidation And Improvement Act of 1981 (ECIA), Congress reaffirmed its commitment to educational equity when it chose not to include WEEA in this block grant program and authorized a separate appropriation for WEEA.

WEEA and the Civil Rights Act Title IV program remain the sole federal programs dedicated to improving the educational experience of women and girls. WEEA alone addresses the special educational needs of ethnic and racial minority women and girls, and disabled women and girls. It supports projects which develop curriculum and training materials for educational institutions from pre-elementary to post-secondary levels, and others for use by businesses and community groups nationwide. Examples of other WEEA funded projects include:

- developing a model workshop which teaches under educated, unskilled, unemployed single mothers on public assistance the skills they need in order to become employable;
- developing a model workshop curriculum for basic English and math skills needed for re-entry into the job market;
- producing a series of biographies of minority women with careers in math and science who will then serve as role models to minority girls;
- developing a counselling program for disbaled girls and young women.

Each WEEA project is designed to be a model which can be replicated or adapted by users throughout the nation.

Most WEEA product users come in contact with these materials through the dissemination network created by the WEEA Publishing Center in Newton, Massachusetts. The Education Development Center (EDC) received its first contract to publish and distribute products in 1977, and in these six years it has developed a successful and professional dissemination network which reaches from the classroom teacher to administrators of the states' education agencies. The Publishing Center, assisted by the Center for Research on Women at Wellesley College, works with WEEA grant project directors to develop professional products which are then nationally marketed and sold at cost. The Publishing Center prints a catalog listing the 216 WEEA products currently available, attends conferences throughout the nation to demonstrate WEEA products, and publishes brochures targeted for specialized groups of product users. By calling the Pub-Center's nation-wide toll-free number, users of sex-equity materials receive expert assistance in selecting and using WEEA materials. Since 1980 the Publishing Center has sold over 100,000 WEEA products. The WEEA Publishing Center is seens as a primary source of sex-equity materials in the nation, and it has developed a marketing strategy and distribution system to meet the needs of consumers of sex-equity materials.

Both critics and supporters of WEEA believe that the program has been successful in meeting many of its objectives. Over two hundred sex-equity products are now available for national use, when just a short time ago there were few, if any, sex-equity materials available on the national market. Five demonstration sites have been established in diverse communities to develop and test sex-equity strategies in realistic settings. These demonstration sites have developed model training programs, and have hosted interns from throughout the country to observe and participate in these projects. Many women and girls are now receiving the education and counselling which will enable them to maximize their skills in the marketplace.

While WEEA has accomplished much since its initial authorization, there is still much more that needs to be done. Independent evaluators of WEEA and users of sex-equity materials cite many gaps in the WEEA product line and urge that additional products be developed. There is still a needs to develop classroom materials which can be easily incorporated in existing elementary and secondary level curricula. More materials are needed which recognize the special educational, counselling, and vocational needs of racial and ethnic minority women and girls, of women and girls in special population groups, and of disabled women and girls.

The gains in educational equity and the groundwork established for future gains are jeopardized by the President's proposal to eliminate WEEA'S funding. Congress must once again reaffirm its commitment to educational equity for all students by appropriating the full authorized amount of $5.76 million.

Many supporters of zero funding argue that "activities now funded under /WEEA and Title IV/ programs may be supported under the" ECIA.* (emphasis added) However, they offer no assurance that these needed programs will continue. The ECIA does not prohibit SEAs and LEAs from using federal money for WEEA's purposes (development, dissemination and demonstration of educational equity projects) but it does not require that any equity project be funded. The ECIA contains no prescribed set asides for sex-equity programs. If WEEA were eliminated, and the federal role in developing sex-equity materials abandoned, not only would the SEAs and the LEAs be burdened with the need to dedicate more funding to equity programs, but inefficiences would result from constant "reinvention of the wheel."

Both critics and supporters of WEEA recognize the need to continue to develop more sex-equity materials, especially classroom materials. Opponents argue that the best way of developing materials is for the states to establish their own programs to develop sex-equity materials. Supporters of WEEA recognize the importance of local autonomy in meeting local needs, but they believe that further development and dissemination of sex-equity materials for use by LEAs and SEAs (along with post-secondary institutions, community groups, etc.) is best accomplished through a federal WEEA program.

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*Assistant Secretary for Elemenatary and Secondary Education L. Davenport to the Citizens Council on Women's Education, March 1983.

Currently, sex-equity materials developed by WEEA funded projects provide materials which are proven to be effective through scientific educational testing procedures. Development, validation, and production of materials is costly, and is justified only when they are distributed on a national level. Additionally, projects are funded by WEEA because the participants have demonstrated an expertise in the field, and are able to utilize national resources in developing these products. This is especially true in the case of model projects for women and girls with special education needs. Often there are too few students with special education needs within each SEA or LEA to justify expenditure to develop programs to meet their needs. Therefore, WEEA has funded special-purpose groups to develop successful model projects based upon the experiences of these women and girls who also need help toward educational equity.

For example, Gallaudet College in Washington, DC received a WEEA grant to develop occupational choice training materials to be used by school and vocational rehabilitation counsellors when counselling deaf students. It is unlikely that a SEA or LEA would have funded this project because it would not be cost effective to develop and test similar materials. It would lack the resources and expertise that Gallaudet has. But under the WEEA program the SEA or LEA has the option of purchasing these materials for just a few dollars from the WEEA Publishing Center. If WEEA did not exist, it is likely that these materials would not be available to counsellors to assist deaf women in their occupational choice.

Non-traditional students--re-entry women, displaced homemakers, single mothers on public assistance, students lacking basic skills--will fall through the gaps left by eliminating the WEEA program.

Again, the best way to guarantee the development and dissemination of sex-equity materials, especially those designed for women and girls with special education needs, is through the existing WEEA program which offers needed products, nationally, at a very affordable price.

WEEA is not a federal program which mandates local action and change. Rather, local and state agencies come to WEEA at their own initiative, either by submitting grant applications, or more likely, by purchasing WEEA materials at cost through the WEEA Publishing Center. Most materials cost less than ten dollars. The LEA, SEA, or community organization which recognizes the need for sex-equity materials can find them readily available through WEEA.

If WEEA were no longer a developer of sex-equity materials, it is highly unlikely that the needs of women and girls with special education needs would be met. Who will develop and provide materials for the instruction and counselling of minority students, of disabled students, or of re-entry students, etc.?

The continued success of the WEEA program is jeopardized by not only the elimination of the program's funding, but also by attempts to alter the entire direction of the program as expressed in the current regulation and its funding priorities. We ask that the committee again this year include in its report specific language which directs the Education Department to expend FY84 appropriation in accordance with the current regulation and priorities.

WEEA is a small program. Its cost is insignificant, but the benefits of this program are enormous. We urge that the Senate continue at least the existing appropriation of $5.76 million (an already significant reduction from the FY80 appropriation of $10 million) so that WEEA can continue to contribute to quality and equality in the American educational system.

STATEMENT OF DR. A. EDWARD MAUMENEE, PROFESSOR EMERITUS OF OPHTHALMOLOGY, JOHNS HOPKINS UNIVERSITY SCHOOL OF MEDICINE, REPRESENTING RESEARCH TO PREVENT BLINDNESS

Senator INOUYE. Our next witness is the professor emeritus of ophthalmology, at the Johns Hopkins University School of Medicine, Dr. A. Edward Maumenee.

I have been asked that a special introduction of Dr. Maumenee be made part of the record at this time. This is a request submitted by Senator Charles McC. Mathias.

He says some very nice things about you.

[The statement follows:]

STATEMENT OF SENATOR CHARLES McC. MATHIAS, JR.

Were I not engaged in other Senate business, I would be with you today to introduce my friend, Dr. A. Edward Maumenee as a witness for National Eye Institute appropriations.

For the record, I call attention to one of Maryland's outstanding citizens. He is professor emeritus of ophthalmology and former director of the Wilmer Ophthalmological Institute of the Johns Hopkins University School of Medicine and Hospital.

Ed Maumenee has been involved with practically every major aspect of eye research and ophthalmic practice. His surgical skills and medical wisdom are sought throughout this country and around the world.

He is a founding member of several professional and educational groups in vision work, including the Scientific Advisory Panel of Research to Prevent Blindness.

Dr. Maumenee has been closely associated with the objectives of the National Eye Institute since its establishment. He was chairman of the National Advisory Eye Council's planning committee that produced the comprehensive 5-year plan "Vision Research: A National Plan 1978–82."

Today he will tell you about the next steps in eye research, and I am pleased that the subcommittee will have the benefit of his counsel.

Dr. MAUMENEE. Thank you very much, it is a pleasure to see you again, sir. We greatly appreciate the support that this committee has given the National Eye Institute over the years, particularly your support, Senator Mathias, Milton Young, Fritz Hollings, Clifford Case, and Mark Hatfield. You have all been very supportive.

I would like to submit my written testimony.

Senator INOUYE. Without objection, it has been made part of the record, sir.

Dr. MAUMENEE. Also, the third national class for research has just been completed. I will see that all members of your committee receive it.

Senator INOUYE. It will be received for committee files.

Dr. MAUMENEE. I would like to take my time just to very briefly touch on some of the exciting new advances that have been made in ophthalmic research in eye care during the past few years.

I think as much as in any other field of medicine, we have made tremendous strides. First off, we now can insert a small lens in the inside of the eye that will allow the patient who has had a cataract extraction not to have to wear the thick cataract glasses or contact lens. This has greatly rehabilitated people, and many elderly people who had to stop driving, who couldn't get along in life, can now get along perfectly well just as if they were young individuals because of their perfect sight from this advance.

Vitrectomy is a technique in which a small instrument no larger than the inside of the tip of that pen is able to be introduced into the eye, and peel a membrane off the posterior surface of the retina.

We were so far ahead of the rest of the world in that, that when one of the key politicians in the Communist Party and the head of the Politburo had such a membrane on the back of the eye, the Russians bought our equipment, and also had three of my staff members come over to Moscow to operate on one of their key personnel.

Senator INOUYE. Maybe I should make an appointment to see you. I have a——

Dr. MAUMENEE. It would be my pleasure, sir.

Senator INOUYE. No; seriously though, I have had a hemorrhage in my retina, and as a result my left eye has blurred vision. I don't suppose anything can be done.

Dr. MAUMENEE. We are making a number of studies on this. It can be an arterial or venous occlusion in the back of your eye. Or, it might be a macular degeneration.

Now, in diabetes we have, through very rigorous clinical trials and epidemiological methods, shown that photo-coagulation of the retina with a laser beam to destroy the tissue that is partially dead, prevents a neovascularization and blindness in a very high percentage of diabetic patients.

Just very recently a group of collaborators in a number of universities around the country has shown that if they can detect neovascularization before hemorrhage occurs in the macular area from senile macular degeneration—and of course, yours is not senile, sir——

Senator INOUYE. Thank you. [Laughter.]

Dr. MAUMENEE [continuing]. This can be photo-coagulated and prevent the hemorrhagic changes occurring and the destruction of central visual acuity.

Hubert and Weisal at Harvard in 1981 won the Nobel Prize because the retina is really an extension of the brain, it is part of the brain that is easily available. And, through their studies of the synaptic connections and the biochemistry of these connections, and through the fact that they observed children who didn't use their eye during their first few years of life could never get good vision back because of an abnormal development of the lateral geniculate body, they won the Nobel Prize for that.

I could tell you many other things, but let me just tell you a couple of things, since I see I have 1 minute left, that I think is very exciting in the future for ophthalmic research.

Aldos reductase has been shown to be an abnormal method of breaking down sugar in patients with diabetes. And, Dr. Kineshita at the National Eye Institute has shown that by using a product called Sarbinol, which is an aldos reductase inhibitor, he is completely able to inhibit the development of diabetic cataracts in experimental animals.

Also this has now been tried in experimental trials for diabetic peripheral neropathy. And, it has been shown that it can stop diabetic peripheral neropathy. We think there is a very good chance that this may have a lot to do with abnormal blood vessel disease that occurs in the brain, in the eye and in the heart of diabetes. And that this is an exciting breakthrough.

A new drug that is being used in Europe, peraceton, has been shown to modify the outer coating of the red blood cells, so that sickle cell, which is a very serious disease primarily in our black population, that the outer coating of these cells can be made to mold to like normal red blood cells, and can pass through the blood without causing the devastating effect of sickle cell disease.

Senator INOUYE. What is the present status of that drug here in the United States?

Dr. MAUMENEE. It is being researched by Pfizer and several of the companies, but it has not been passed by the FDA as yet. But, it is available for experimental study.

Also, in diabetes the outer coating of the red blood cell is very much stiffer than that of the normal individual. So this may also contribute to some of the vascular changes in diabetes.

I've got a lot of other things to go on. I see I have the red light, so I will——

Senator INOUYE. Oh, don't worry about that.

Dr. MAUMENEE. OK.

In genetics we are now doing tissue cultures on patients with retinitis pigmentosa, on patients with mucal polysaccharidoses, and are finding enzymatic deficiencies in the pigment epitheleal cells which may contribute to this disease that we have, heretofore, had absolutely no treatment for. This is a long time down the road, but it is a basic research that is going on.

Senator INOUYE. Any hope for the retinitis pigmentosa patients?

Dr. MAUMENEE. Yes, there is. First of all, you have to categorize disease and put it in very recognizable entities because when you begin to look at a disease like tapetal retinal degeneration, measles can cause this, various types of drugs can cause it. But there are also various genetic conditions that can cause it.

And so, we are now by electrophysiological methods being able to pigeonhole each type of retinitis pigmentosa, and then we are obtaining eyes from the eye bank and we are also learning how to biopsy the normal seeing eye, to get pieces of the pigment epitheleum to put in tissue culture to see if we can determine the enzymatic effect.

Senator INOUYE. You can go into the eyeball?

Dr. MAUMENEE. You can go into the eyeball and actually take a little trephine and biopsy a piece of that, seal it over like you would a retinal detachment and then study that under the microscope in a tissue culture. This is tremendously exciting.

With all this, Dr. Carl Kupfer is now charting all of the research that is being done in the world for the first time in ophthalmic research so that we will know what is going on everywhere in the world.

Also, the WHO has appointed 10 collaborating centers to see if we can prevent blindness in some 40 million people in developing countries, in 20 million of whom blindness can either be cured, or have been prevented without present knowledge.

And so this is a great good will to the rest of the world that we are able to deliver. Three of those centers are here in this country, and really the most active centers are here in this country today.

As I say, I can go on and on about this, but I know how busy your time is and how many people are waiting here to testify. I just want to give you a few highlights of what has been done and what can be done with the appropriations we are asking for this year.

Senator INOUYE. I'm certain you will find the committee very supportive. I note that I think 80 percent of the members wear glasses. [Laughter.]

Thank you very much.

Dr. MAUMENEE. Thank you very much.

[The statement follows:]

Statement of Dr. A. Edward Maumenee

It should be a source of much satisfaction to the members of this Committee that huge strides are being made in saving sight thanks to the interest and support you have given to the National Eye Institute. Considering the state of the nation's economy in recent years, and the multitude of demands placed upon you, we feel that the Congress has been generous in striving to assure that the impetus you have given to eye research is not diminished.

Each year the Citizens' Committee has placed before you a solidly-documented budget proposal, based upon an exhaustive assessment of the needs and opportunities for productive research aimed at the control of blinding diseases. Since 1975, the National Eye Council has involved more than 200 leaders in ophthalmology and vision science in the production and continuous updating of comprehensive planning reports which in essence say to you and to the public, "This is what we can do if you are willing to invest this specific amount of money in these programs." While never matching the hopes of the deeply-committed vision research community, your response each year has reflected your understanding of our needs and your deep concern at the enormity of the blindness problem. We are most grateful for your support.

The Eye Institute is unique among the National Institutes of Health in that each year it can report to you on specific, measurable benefits it has brought to the American people. Each year, new advances in eye therapy save many thousands from blindness. New and substantial economic savings are produced for patients, for communities and for the nation. Eyes are saved. Sight is restored. Human and economic tragedies are averted. Each year we build upon our knowledge, discovering more and more about eye diseases, about sight and how to preserve it. In no other area of medicine are the results of research so quickly turned to the benefit of patients.

For instance: A number of years ago I reported to this Committee on the introduction of a new procedure in cataract surgery in which a plastic lens is permanently implanted in the eye to replace the diseased human lens. At that time there was widespread doubt about the safety and efficacy of placing an artificial object inside the eye. On the other hand, there was the promise of far better vision than cataract patients had ever before experienced. It became plain that only extensive clinical trials could resolve the multitude of questions surrounding the device and the techniques for its insertion.

What followed is a splendid example of cooperation among groups from every pertinent sector of our society -- governmental, private, voluntary and industrial. Conducted over 4½ years, the clinical studies on the safety and efficacy of the intraocular lens implant became the largest ever conducted in human medicine. More than 1,088,000 patients were involved. In one year alone -- the most recent year reported -- 575,000 cataract operations were performed. Of these, 409,000 (71%) received the implant. In the end it was demonstrated conclusively that the procedure is the best way to rehabilitate cataract patients over 60 years of age. This is the most rapidly-increasing segment of our population, and the group most susceptible to cataracts. A comparatively small investment of government funds made the clinical trials possible. Through no other means could the safety and efficacy of the new procedure have been so quickly and conclusively established. Clinical studies are now continuing, to establish whether the intraocular lens may be used with similar results in lower age groups.

I emphasize again that these clinical trials, and others conducted or being planned by the National Eye Institute, embody cooperative efforts which I am sure both the Congress and the Administration are most anxious to encourage. The Eye Institute, the Federal Drug Administration, medical schools, physicians in private practice, voluntary health agencies and representatives of industry -- as well as the patients themselves -- have all shared in writing an important chapter in medical history.

It is not generally recognized that the development of improved surgical techniques produces benefits far beyond the immediate saving of sight. Such advances often clear the way for further research into the basic physiology of disease. Some years ago I demonstrated to this Committee a device that permitted the surgeon for the first time to cut and remove diseased tissue from the inner chamber of the eye without destroying the integrity of the globe. The technique, called vitrectomy, represents a medical miracle to many diabetics presumed to be hopelessly blinded by retinal hemorrhages and proliferating blood vessels that invade the normally clear vitreous. Experience with vitreous surgery since then has led to the publication of a large amount of clinical data which have verified the effectiveness of the procedure and established its enormous capabilities. Today, vitreous surgery is more than an essential clinical tool; it provides a specific means of tapping whole new areas of investigation into biological mechanisms of the eye, contributing to pharmacological studies and other basic research leading toward a clearer understanding of eye diseases and their treatment.

Laser therapy is no longer a novelty in ophthalmic practice. Its use in diabetic retinopathy alone has resulted in an estimated annual saving of $454 million in the cost of blindness. Clinical trials completed last year have demonstrated the effectiveness of laser treatment in one form of macular degeneration, the leading cause of blindness in the elderly. Other trials are being planned to test the effectiveness of new laser techniques in treating otherwise unmanageable glaucoma. New types and new uses for ophthalmic lasers are constantly being developed. These include current devices for measuring blood flow in ocular vessels, and a diagnostic instrument that may some day predict the development of cataracts, perhaps at a sufficiently early time to halt their progress. Much attention is also being given to the recently-developed YAG laser which opens up the possibility of using its beam as a surgeon employs a scalpel, cutting inaccessible tissues with the finest precision. The device promises to be an important companion to lasers now in standard use which do their work by producing tiny burns to seal off blood vessels and to reattach torn retinas.

The work of the National Eye Institute in these three areas alone -- the intraocular lens implant, vitrectomy and laser therapy -- has returned many times over the investment made by the Congress in eye research. Hundreds of thousands of people will live productive lives as a result. But millions more are dependent not upon what has been done up to this moment, but upon what may be accomplished in Fiscal Year 1984 and all the fiscal years ahead.

It is estimated that blindness costs the nation $14 billion every year -- enough to sustain the Eye Institute at its present level for an entire century. Eye diseases continue to represent for people of this nation and throughout the world a physical, emotional and economic catastrophe. Diseases of the retina and choroid cause 200,000 cases of legal blindness in the United States every year. Five hundred million people throughout the world have potentially blinding corneal infections -- two to six percent of all newborns in this country are so infected. Sixty-two thousand

Americans are legally blind from glaucoma and more than 1,200,000 others are known to have the disease. More than three million people in this country are visually impaired from cataracts -- and half of us who live to age 75 can expect to have serious visual limitations from this disease alone. There are more than 2,000 different kinds of genetic diseases, of which 30 percent affect the eyes. Hereditary and congenital disorders have blinded 100,000 living Americans. Our schools for the blind are filled with youngsters afflicted with congenital cataracts. One out of every 18 children is affected by strabismus and amblyopia. And each day there come to us healthy, vibrant youngsters in their teens and early twenties who must be told that they have untreatable retinal disorders that will eventually -- almost certainly-- rob them of their sight.

To meet the Herculean tasks for which the Eye Institute was established, the Administration proposes a budget of $142.3 million for Fiscal Year 1984 -- an increase of about one-half of one percent over the previous year. I can say unequivocally that at that level of funding we may begin to see the disintegration of the Eye Institute program. Enthusiastic young scientists who have been attracted to the challenge of eye research would begin to fall away for lack of support. The wellspring of new ideas and concepts would run dry. The confidence of the entire eye research community would be shaken, and perhaps destroyed.

Today we have opportunities that never existed before to deal aggressively with even the most difficult of these problems and, eventually, to solve them. In genetic disease research, for example, basic scientists working with support from the Eye Institute have located the specific chromosome responsible for retinal blastoma, a cancer of the eye that destroys the sight, and sometimes the life, of young children. This finding is an achievement of major significance to the broad field of genetic research. The investigators are now exploring the precise nature of the gene's defect, with the goal of altering by chemical or other means its destructive character -- in other words, wiping out the disease at its very source. Such gene manipulation techniques are already available and are being employed in efforts to manage sickle cell disease, which also affects the eye. If the gene for retinal blastoma can be similarly manipulated, it may be possible to prevent not only retinal blastoma, but other tumors throughout the body which usually accompany the eye disease and are a significant cause of death. We have the capacity to pursue such research vigorously.

Childhood eye disorders have a profound social and economic impact, often resulting in a lifetime of disability and dependence. Eye research is continuously increasing our ability to diagnose and treat visual problems at their earliest stages. Equipment has been devised to test the sight of youngsters before they learn to speak. Congenital cataracts are being removed and corneal surgery performed in infants during the earliest days -- even hours -- of life. Botulin toxin -- a deadly poison when ingested -- has been turned to therapeutic use by scientists who have injected small amounts into eye muscles to correct visual imbalance and restore normal sight. We have the capability to extend research into childhood diseases far beyond its present productive level, to improve the quality of lives that are just at their beginning.

Evidence that an enzyme, aldose reductase, is the triggering factor in the formation of diabetic cataracts strongly suggests that the substance may also be an activating force in other complications of diabetes. Much progress has been made toward the development of drugs that might effectively halt the enzyme's action. Clinical studies have been initiated which it is hoped will advance both the knowledge and treatment of the disease processes that produce lens opacities, retinal damage and other devastating disorders in the bodies of diabetics. Once again the trials will proceed with the combined energies and resources of all segments of the nation's health interests.

In our efforts to reduce the incidence of blindness we are faced not with one disease, but with a host of disorders that in many cases have no relationship to one another or which may be linked only by a common pathological phenomenon. In uveitis, for instance, we are dealing with what we now believe to be one of a number of inflammatory disorders that are most difficult to manage because the triggering mechanism of inflammation has defied detection. Exciting advances in the study of ocular immunology now point to natural substances in the retina as one probable source of inflammatory reaction in the eye's own tissues. One of these substances, designated as S-antigen, has produced severe uveitis when administered in low doses to laboratory animals. Eye Institute scientists have now found that a chemical, Cyclosporin, prevents the inflammatory action of the antigen in rats. Pilot studies in patients have been encouraging, and controlled clinical trials are now planned on a wider scale in the hope of developing an effective treatment for this widespread disorder which is responsible for 10 percent of all visual impairment in the United States.

Herpes simplex virus infections of the eye are another leading and painful cause of visual impairment whose damage can be traced to the body's immunological system. In this case it is the virus that is the triggering mechanism. Corneal cells infected by the herpes virus are changed in ways such that the body's normally protective immune system reacts with a destructive inflammatory response that destroys corneal tissue. New drugs have been developed to hold that response in check. But there is another problem. After infection, the virus hides in a latent state in other sites, primarily in deep-seated nerve tissue from which it may later emerge. Repeated attacks often produce irreversible changes and scarring of the cornea tissue and eventual loss of sight. Research is now directed at producing more effective drugs to prevent infection, and to find ways of eliminating latent reservoirs of virus in the nerve tissues.

The field of corneal research is being opened wide for exploration. Recent studies suggest that it may be possible in time to use bovine and rabbit corneas for human corneal transplants. It has been found that the antigenetic characteristics of these animal cells are lost when passed through several laboratory cultures. Advanced methods of storage hold the possibility of creating eye banks of animal corneal tissue for widespread use in restoring sight to humans. At the same time, healthy human corneal cells are being grown in cultures and may some day be used to replace essential layers of endothelial cells that have been damaged or lost through disease or trauma. We have the capacity to expand the scope of such advanced research if sufficient funds are made available.

I ask you to review, however briefly, the "Executive Summary" booklet that has been prepared as an outline, in most abbreviated form, of the Eye Institute's National Plan for Saving sight. This slim document is but an index of the detailed plan itself, which is a work of huge proportions. But the Summary alone reveals the enormity of the blindness problem and the extraordinary scope and complexity of the research effort that has been undertaken. You will note that the Citizens' Budget Proposal of $191,200,000 is considerably below the Eye Council's planning budget for Fiscal Year 1984, and reflects the level which we had hoped to reach in the previous fiscal year.

These are realistic goals established after thorough study of needs, opportunities and the capabilities of the eye research community. In relation to the other disease-related Institutes of the National Institutes of Health, the Eye Institute is ninth in the amount of funds received. That represents only 3.8% of the total appropriated last year to those eleven institutes. The reason for this is, of course, the comparative lateness in the Eye Institute's establishment, rather than the importance and urgency of its mission.

The extramural arenas where the bulk of vision research is carried out are in many cases severely limited by the increasing need for laboratory space and advanced instrumentation compatible with the present state of scientific technology. The construction and renovation of laboratory facilities is imperative if vision research is to move ahead at a pace in keeping with its growing capabilities. The need for specialized, large and expensive items of new technology peculiar to vision research is great. It cannot appropriately be met by other National Health Institute programs which are designed to meet multi-categorical resource needs of an institution rather than the needs of such highly specialized research programs as are encountered in exploring the eye and its diseases, and all the internal and external factors involved in bringing images to the brain. If added support for shared instrumentation is not received, and if laboratories continue to be limited by lack of adequate space, the ability to move ahead will be seriously diminished. I most sincerely urge that this Committee take special note of our request for $10,000,000 to be available for research laboratory renovation, construction and instrumentation.

Mr. Chairman, the study of eye diseases has been aptly called "the new frontier of medical research." When the National Eye Institute was created in 1968, investigative opthalmology was an obscure pursuit, carried on with pitifully little encouragement or financial support. The interest of the Congress, and the continued concern of this Committee for the rapid development of vision science, have awakened what Dr. Jules Stein once called "a sleeping giant." I believe that the present potential of this Institute, and of the entire community of vision scientists, far exceeds the funds made available to it. In considering our budget proposal for the fiscal year ahead, I urge you to examine closely this new and most extraordinary capability.

Thank you.

NATIONAL EYE INSTITUTE FINANCING
CITIZENS' BUDGET PROPOSAL, FISCAL YEAR 1984

BY ACTIVITY:	FY 1983 Appropriation	FY 1984 President's Budget Request	FY 1984 Citizens' Budget Proposal
Grants:			
Research Grants	$106,800,000	$106,600,000	$139,500,000
Extramural Research Laboratory Renovation, Construction and Instrumentation	-0-	-0-	10,000,000
Core Center Grants	4,700,000	4,400,000	6,500,000
Individual Training	1,300,000	1,300,000	3,000,000
Institutional Training	2,600,000	2,300,000	3,000,000
Total Grants	115,400,000	114,600,000	162,000,000
Direct Operations:			
Intramural Laboratory and Clinical Research	13,900,000	14,900,000	14,900,000
Research and Development Contracts	5,800,000	6,100,000	7,500,000
Biometry, Epidemiology and Field Services	700,000	700,000	700,000
Research Management and Program Services	5,800,000	6,000,000	6,100,000
Total Direct Operations	26,200,000	27,700,000	29,200,000
TOTAL OBLIGATIONS	$141,600,000	$142,300,000	$191,200,000

BY PROGRAM:	FY 1983 Appropriation	FY 1984 President's Budget Request	FY 1984 Citizens' Budget Proposal
Retinal and Choroidal Diseases	$ 52,100,000	$ 52,000,000	$ 66,300,000
Corneal Diseases	18,400,000	18,300,000	26,600,000
Cataract	11,200,000	11,100,000	17,300,000
Glaucoma	12,700,000	12,600,000	17,400,000
Strabismus, Amblyopia and Visual Processing	26,800,000	26,700,000	41,900,000
Intramural Laboratory and Clinical Research	14,600,000	15,600,000	15,600,000
Research Management and Program Services	5,800,000	6,000,000	6,100,000
TOTAL OBLIGATIONS	$141,600,000	$142,300,000	$191,200,000

Note: Fiscal Year 1984 begins October 1, 1983.

BIOGRAPHY OF DR. A. EDWARD MAUMENEE

A. EDWARD MAUMENEE, M.D. is Professor Emeritus of Ophthalmology and former Director of The Wilmer Ophthalmological Institute of The Johns Hopkins University School of Medicine and Hospital. He is President of the International Council of Ophthalmology, past President of the International Congress of Ophthalmology and has held presidency in the American Academy of Ophthalmology and Otolaryngology, the Section of Ophthalmology of the American Medical Association, the Association for Research in Vision and Ophthalmology, and the Pan American Association of Ophthalmology. Dr. Maumenee founded and served as President of the Association of University Professors of Ophthalmology. He is ophthalmic consultant to the Surgeon General of the United States Navy. A founding member of the Scientific Advisory Panel of Research to Prevent Blindness, Inc. (RPB), he was the 1976 recipient of the distinguished RPB Trustees Award for Outstanding Ophthalmic Achievement. Dr. Maumenee has been closely associated with the objectives of the National Eye Institute since its establishment and was Chairman of the National Advisory Eye Council Planning Committee which culminated in publication of the authoritative report entitled, *Vision Research: A National Plan 1978 - 1982.*

STATEMENT OF LINDA FLORES, EXECUTIVE DIRECTOR, COUNCIL ON LEGAL EDUCATION OPPORTUNITY

Senator INOUYE. Our next witness is Ms. Linda Flores, executive director, Council on Legal Education Opportunity.

Welcome, Ms. Flores.

Ms. FLORES. Good morning, Mr. Chairman. I am Linda Flores, I appear before you today in my capacity as both the executive director of the Council on Legal Education Opportunity, or CLEO as it is more affectionately known; and perhaps more significantly, as a CLEO fellow myself, to discuss the program's fiscal posture for 1984, to address factors which make this program so important to the Nation as well as to the CLEO fellows who participate in it, and why in this era of reduced Federal spending Congress should nevertheless continue its support of CLEO as sound financial policy.

CLEO, a joint program of three national bar associations and two organizations representing legal education and accreditation, was formed with both Federal Government and private financial support in 1968. The program was created to address the dramatic underrepresentation of minority and economically disadvantaged groups within the legal profession.

Many people realized in 1968 that the social unrest of the 1960's and other troubles in our society would not be resolved until all segments of American society had ready access to the means for peaceful dispute resolution through the legal system, and representation in the decision-making arenas of society.

When one considers that the 1982 Annual Survey on Current Population Statistics of the Bureau of the Census reports that of the 606,000 laywers in the United States, only 3.6 percent are minority attorneys——

Senator INOUYE. When you say minority attorneys, are you just speaking of black and Hispanics?

Ms. FLORES. Black, Hispanics, Asian-Americans, native Americans.

Senator INOUYE. Everything other than white?

Ms. FLORES. Yes.

Senator INOUYE. Thank you.

Ms. FLORES. The goal of greater economic and political participation in the mainstream of society remains an unrealized dream for many.

The CLEO program seeks to reduce this underrepresentation by providing an alternate mechanism for assessing within the law school environment itself, the potential of each program participant for the study of law. The program achieves its goal of identifying qualified law school candidates via academic summer institutes for prospective law students, and the provision of annual fellowships.

The academic institutes mirror the law school experience by providing a 6-week intensive study program in legal analysis and law development, and emphasize abstract thinking, legal research, and legal writing techniques.

The institutes are staffed by regular law faculty whose primary responsibility during the institute is to evaluate each student's potential for successfully mastering the law school curriculum. Students who successfully demonstrate this potential, are provided law school placement assistance and an annual stipend presently set at $1,000.

Since its inception, CLEO has complied with the three-pronged test set forth by the administration for continued Federal support of worthwhile programs; namely, demonstrated success, fiscal integrity, and substantial elements of voluntarism in the program.

Available data demonstrates that CLEO fellows have attained an impressive record of achievement by any measure, including performance within the academic arena of law school, bar performance, and most importantly, the employment activities of the program's graduates.

The program has produced approximately 1,800 law school graduates involved in a broad spectrum of legal and law-related activities, including judges, a State representative, law professors, executive administrators in various fields, congressional staff, et cetera. The net result has been increased access to the legal system and decisionmaking machinery of the country by those who have been historically disenfranchised for reason of race and/or economic status. Thus, the CLEO model of academic and financial support is one that works.

The program is cost effective. In the last 8 years, the program has continued to serve successfully its disadvantaged student population with virtually no increase in cost to the Federal Government. Judicious cost-saving methods have been implemented, including executive staff salary freezes, and significant reduction in program staff.

A careful review of the program's budget already reveals a barebones operation.

In addition, the American Bar Association has, for years, been a principal contributor in its dual capacity as one of CLEO's sponsoring organizations and administrative conduit for the program's funding from the Federal Government. The ABA contributes annually some $22,000 to the program's operation and in fiscal year 1982 contributed some $62,000 to address unanticipated financial obligations unmet by any other funding source.

Additional funding in 1980 from the Law School Admission Council in the amount of $5,000 was provided to offset postage and printing costs of the program.

The final part of the administration's test has also been met. Since CLEO's inception, the Federal support has served as seed money for generating the revenues necessary to conduct the summer institutes from the law school community.

Initially, the non-Federal share represented between 20 to 30 percent of the total summer institute costs. However, over the last several years, the ever-spiralling costs of legal education coupled with the effects of inflation, have thrust an even greater share of the institutes' operating costs upon the law school community. Give the fixed level of Federal support, the law school community absorbed approximately 60 percent of the institute costs as a demonstration of their commitment to the program. The law schools, without Federal assistance, cannot maintain the academic institutes while themselves facing reduced education budgets.

In addition, the law schools provide tuition scholarships, as well as other forms of financial support in recognition of the CLEO fellows' marginal economic stability.

At a time when legal education is, itself, in a difficult fiscal situation, it is extremely important to realize that the $1 million of annual Federal support for this program generates as much as $3 million in cash and services from the law schools.

Because the program receives its congressional appropriation on an annual basis, the proposed cut would have the greatest immediate impact on the CLEO fellows presently enrolled in law schools. Their background of economic disadvantage, coupled with their receipt of the maximum available loan resources, makes it unlikely that the modest amount represented by the CLEO fellowship can be recouped through alternative sources of financial support. For most CLEO students, the $1,000 stipend plus corollary tuition scholarships and loans means the difference between attending or not attending law school.

Thus, it can be anticipated that many will be required to interrupt if not totally discontinue their law studies at a point close to completion.

Although the administration has justified the elimination of funding in fiscal year 1984 on the perceived ability of the program to attract private dollars, the proposed elimination of Federal support would, in fact, serve to cripple the fundraising initiative directed at CLEO alumni, corporations, law firms, and foundations.

The administration's proposed budget cut could signal a retrenchment of the national commitment to the program which would, in turn, chill the private sector fundraising initiative.

The Federal Government has made a major commitment in the last decade to the cause of increasing educational opportunities for the poor and disadvantaged within our society. This is an important commitment, not only in terms of fairness, but also in terms of wise allocation of resources. Compared to many programs, CLEO is impressive because the payoff is concrete, clear and quick. The modest Federal support is matched several times by the substantial voluntary contributions of the law school community, and is repaid to the Government many times over in higher taxes from these individuals and in services to their respective communities.

The legal profession is one of the most direct means by which these groups can be fully incorporated into the framework of the society and participate fully in its advantages and benefits. Recognizing that there are current demands on the Federal purse that call for fiscal integrity, the very small amount of money required for CLEO can bestow huge dividends for the future.

Thank you.

Senator INOUYE. Are you a beneficiary of this program?

Ms. FLORES. Yes, I am. I participated in the program in 1974 when it was hosted for the northeast region at Seton Hall University School of Law.

Senator INOUYE. So you are a lawyer?

Ms. FLORES. I am a lawyer, yes.

Senator INOUYE. How many persons have benefited from this program?

Ms. FLORES. About 3,200 students have participated in this program and have been enrolled in law school.

Senator INOUYE. And it is your contention that without this program, most of them would not have gone through law school?

Ms. FLORES. Yes; the focus of the CLEO program is on students who are not what one would call the cream of the crop. The ultimate objective is to increase annually the total number of minority students that are admitted. So we focus on students who are a middle group, as opposed to students that law schools would actively recruit without any catalyst provided by CLEO.

Senator INOUYE. Thank you very much, Ms. Flores.

[The statement follows:]

STATEMENT OF LINDA FLORES

Good morning. I am Linda Flores. I appear before you today in my capacity as both the Executive Director of the Council on Legal Education Opportunity (CLEO) and, perhaps more significantly, as a CLEO Fellow, to discuss the program's fiscal posture for FY 1984. Although this Subcommittee is familiar with the program's purposes and objectives, it is nonetheless important for this Subcommittee to have a complete understanding of CLEO's vital role in providing continued access to the legal profession for the economically disadvantaged and why, in this era of reduced federal spending, Congress should nevertheless continue its support of CLEO as sound financial policy.

CLEO BACKGROUND

The Council on Legal Education Opportunity, a joint program of three national bar associations and two organizations representing legal education and accreditation, was formed with both federal government and private financial support in 1968 to redress the dramatic underrepresentation of minority and economically disadvantaged groups within the legal profession. The concerns of 1968 were concrete: less than 1% of the lawyers of this country were Black and in some states there were more than 30,000 Black residents for each Black lawyer; and the comparative figures for other minority and disadvantaged groups were even more discouraging. Many people realized then that the unrest of the '60s and other troubles would not be resolved until all segments of American society had ready access to the means for peaceful dispute resolution through the legal system, and representation in the decision-making arenas of society. And while there is evidence that minority group access to legal education has increased dramatically since 1968 in contrast to previous levels, it still appears that meaningful access to graduate and professional opportunity by disadvantaged Americans continues to be an elusive goal. The goal of greater economic and political participation in the mainstream of society remains an unrealized dream for many: the 1982 Annual Survey on Current Population Statistics of the Bureau of the Census reports that of 606,000 lawyers in the United States, only 3.6% are minority attorneys.

Furthermore, disadvantaged groups, as a whole, contend that higher education has proven to be a more effective vehicle than most for obtaining a more equitable distribution of political influence. This is so simply because those persons most involved in the decision-making process of this country are, themselves, products of the higher education system. This phenomenon is particularly germane to the legal profession, given its role within the country's decision-making process generally and its historic lack of accessibility by those representing the interests of the disadvantaged. The profession's impact on the formation of national policy is widely conceded because of the relationship of lawyers to all three branches of government, comprising almost exclusively the judicial, and significant percentages of both the legislative and executive branches.

The CLEO program seeks to reduce the underrepresentation of disadvantaged groups within the legal profession by providing an alternate mechanism for assessing, within the law school environment itself, the potential of each program participant for the study of law. Thus, the program is designed to serve those persons who aspire and are qualified to enter the legal profession but who, because of substantial economic deficiency and marginal admission credentials, may be unable to gain admission to law school under traditional admission criteria.

The program achieves its goal of identifying qualified law school candidates and providing the opportunity for law school matriculation via academic summer institutes for prospective law students and the provision of annual fellowships.

The academic component of the program is administered by seven (7) annual regional academic institutes located across the country, sponsored jointly by CLEO and regional consortia of ABA-accredited law schools. The institutes are based upon the premise that significant numbers of economically and educationally disadvantaged students who would be excluded from legal education through the use of traditional measures of aptitude can, with financial and academic support, successfully negotiate the law school curriculum. These institutes mirror the law school experience by providing a six-week intensive study program in legal analysis and law development and emphasize abstract thinking, legal research and legal writing techniques. The institutes are staffed by regular law faculty whose primary responsibility during the institute is to evaluate each student's potential for successfully mastering the law school curriculum. Students who successfully demonstrate this potential are provided law school placement assistance and an annual stipend.

The financial component of the program is provided by way of fellowships in the amount of $1,000 a year for each successful CLEO student. The provision of the stipend is contingent upon the satisfaction of several conditions: full-time enrollment at an ABA-accredited law school in the fall term immediately following the institute and the maintenance of "good standing" status throughout the duration of the grant. Presently, over $550,000 annually is provided by CLEO to its Fellows enrolled in law school.

FISCAL YEAR 1984 APPROPRIATIONS

Since its inception, CLEO has complied with the three-pronged test set forth by the Administration for continued federal support of worthwhile programs: 1) demonstrated success; 2) fiscal integrity; and 3) substantial elements of voluntarism in the program.

CLEO is one of the few federally-funded programs of its type which has compiled substantial documentation of the program's overwhelming success. Since 1968, CLEO has provided an opportunity for law study to some 3,203 students. Available data clearly demonstrates that CLEO Fellows have attained an impressive record of achievement by any measure, including performance within the academic arena of law school, bar performance, and most importantly, the employment activities of the program's graduates (See Appendix for detailed summary of the CLEO Fellows' performance data). The program has produced approximately 1,800 law school graduates involved in a broad spectrum of legal and law-related activities, including lawyers (public interest, private, corporate); judges; a state representative; law professors; executive administrators in various fields; Congressional staff, etc. The net result of the program has been increased access to the legal system and to the decision-making machinery of the country by those who have been historically disenfranchised for reason of race and/or economic status. Thus, the CLEO model of academic and financial support is one that works!

The Program is cost-effective. While many programs have suffered substantial cost increases over the years, CLEO has been a rare exception. In the last eight (8) years, the program has continued to service successfully its disadvantaged student population with virtually no increase in cost to the federal government. Judicious cost-saving measures have been implemented over the past several years with an eye toward fiscal austerity, including executive staff salary freezes and significant reduction in program staff; once staffed by eleven employees, the program now operates with a dedicated staff of six. A careful review of the program's budget already reveals a "bare-bones" operation.

In addition, the ABA has for years been a principal contributor in its dual capacity as one of CLEO's sponsoring organizations and administrative conduit for its funding from the federal government. The ABA contributes annually some $22,000 to the program's operation and in FY 1982, contributed some $62,000 to address unanticipated financial obligations unmet by any other funding source. Additional funding in 1980 from the Law School Admission Council (LSAC) in the amount of $5,000 was provided to offset postage and printing costs of the program.

The annual stipend of $1,000 for each successful institute participant, although inadequate by today's standards, provides a minimum of federal support for the truly needy students the program services. Other federally-funded graduate and professional programs, e.g., GPOP, Public Service and Mining Fellowships, have provided stipend assistance of minimally $4,200 per year and some have had institutional support components as well. This disparity in funding levels for students funded through similar federal programs under the same legislation has substantially hampered CLEO's efforts to provide even minimally acceptable financial assistance. It was to correct this disparity in assistance, coupled with the program's impressive record of achievement, which encouraged Congress to amend CLEO's legislation to provide new appropriation ceilings under the reauthorized Higher Education Act of 1965, as Amended.

The final element of the Administration's test has also been met. Since CLEO's inception, the federal support has served as seed money for generating the revenues necessary for conduction of the academic institutes from the law school community.

Initially, the non-federal share represented between 20-30% of the total institute costs. However, over the last several years, the ever-spiralling costs of legal education coupled with the effects of inflation, have thrust an even greater share of the institutes' operating costs upon the law school; given the fixed level of federal support, the law school community now absorbs approximately 60% of institute costs as a demonstration of their commitment to the program. The law schools, without federal assistance, cannot maintain the academic institutes while themselves facing reduced education budgets.

In addition, the law schools provide some tuition scholarships, as well as other forms of financial support in recognition of the CLEO Fellows' marginal economic stability. At a time when legal education is, itself, in a difficult fiscal situation, it is extremely important to realize that the $1,000,000 of annual federal support for this program generates as much as $3,000,000 in cash and services annually from the law schools. And, it is unlikely that these funds will continue to be forthcoming without the catalyst provided by CLEO. The absence of CLEO from the legal education arena and the national scene generally would serve notice to the country that the involvement of disadvantaged communities in the body-politic is no longer a social priority. When coupled with the present shift in national priorities to economic concerns, the continued viability of the CLEO program assumes symbolic proportions.

The elimination of all federal support to CLEO in 1984 will have an adverse effect on the program's continued viability. Because the program receives its Congressional appropriation on an annual basis, the proposed cuts would have the greatest immediate impact on the CLEO Fellows presently enrolled in law school. Their background of economic disadvantage, coupled with their receipt of the maximum in available loan resources, makes it unlikely that the modest amount represented by the CLEO fellowship can be recouped through alternative sources of financial support. For most CLEO students, the $1,000 stipend plus corollary tuition scholarships and loans mean the difference between attending or not attending law school. Thus, it can be anticipated that many will be required to interrupt, if not totally discontinue, their law studies at a point close to completion.

Although the Administration has justified the elimination of funding in FY 1984 on the perceived ability of the program to attract private dollars, the proposed elimination of federal support would serve to cripple the pending fundraising initiative directed at CLEO Alumni, corporations, law firms and foundations. As suggested by the Administration and as its contribution to present efforts to limit federal spending, CLEO is launching a private fundraising campaign with which to increase the small amount of the fellowship presently awarded to program graduates. However, the Administration's proposed budget cut could signal a retrenchment in the national commitment to the program which would, in turn, chill the private sector fundraising initiative. Federal support, and partnership with the private sector in CLEO's fundraising, is a necessary prerequisite to the success of these endeavors.

The federal government has made a major commitment in the last decade to increasing educational opportunities for the poor and disadvantaged groups within society. This is an important commitment not only in terms of fairness, but also in terms of wise allocation of resources. Compared to many federal support programs, CLEO is impressive because the payoff is concrete, clear and quick. The modest federal support is matched several times by the substantial voluntary contributions of the law school community and is repaid to the government many times over in higher taxes from these individuals and in services to their respective communities.

Although the $1,000,000 in federal support represents an extremely modest amount in the overall scheme toward fiscal austerity, it will have a disproportionately negative effect on the disadvantaged communities the program services, particularly given other cuts in social programs. The legal profession is one of the most direct means by which these groups can be fully incorporated into the framework of this society and participate fully in its advantages and benefits. Recognizing that there are current demands on the federal purse that call for fiscal integrity, the very small amount of money required for CLEO can bestow huge dividends for the future.

Thank you for your time and attention.

APPENDIX

CLEO FELLOWS ACADEMIC AND BAR PERFORMANCE DATA: AN ABSTRACT

The twelve years of CLEO have witnessed, among other things, a major educational accomplishment. With the gradual proliferation of affirmative action admissions programs has also come the increased availability of "performance-related" data concerning the minority group student within affirmative action admissions. Thus, many implicit yet prevailing assumptions on minority group performance within the academic arena may now be examined in ways not previously available to us. This is no small development since many of these programs were based, initially, on untested theories regarding the academic potential of minority group students. Moreover, the opportunity to examine long-term implications and societal effects of these programs vis-a-vis the current career placement of program graduates can now be explored with more than merely theoretical projection.

In view of the upcoming legislative reauthorization of CLEO, the CLEO National Office initiated a comprehensive survey in the summer of 1978 to compile relevant data on the performance of the more than 1,410 Program participants during and after their matriculation in law school to assess the Program's impact. To do so, we have examined for each CLEO Fellow surveyed several significant variables, including quantifiable law school admission credentials; performance within the academic arena of law school; bar performance; and most importantly, the employment achievements of the Program's graduates.

Scope of the Survey

The survey of CLEO graduates' academic and bar performance data involved 690 Program Fellows from the entering classes of 1968 through 1975, that is, the law graduates of the classes 1971 through 1978. The survey represented a 48.9% response from the total available pool of 1,410 CLEO law school graduates during the time period covered. It should be noted that at the time the survey was initiated no significant data on bar performance and employment pursuits was yet available from the CLEO entering classes of 1976 through 1979: the 1976 entering classes (i.e., 1979 law graduates) had not yet been fully surveyed; the entering classes of 1977 through 1979 were then enrolled in law school.

Quantifiable Law School Admission Credentials: LSAT and GPA

Of the 664 Fellows for whom we had admission test score data, the mean score of performance on the LSAT was 422 (score range: 200-800); mean UGPA was 2.76 on the scale of 4.00 = A. In the case of both mean UGPA and LSAT of the CLEO Fellows surveyed, it would be improper to project these factors alone as indicative of the potential law school performance projected for this group at-large. This approach would be particularly improper given the weight accorded to non-quantifiable data by most of the law schools which admitted these CLEO students, particularly the CLEO Summer Institute performance evaluation.

However, mean UGPA and LSAT data presents a useful basis for review between CLEO and non-CLEO law school students, particularly when variables of race/ethnicity and law school performance are factored into the analysis. For now, suffice it to say that the mean LSAT performance of CLEO Fellows of 422 was well below the average score achieved by regularly admitted students, i.e., 551.9. Similarly, the cumulative undergraduate academic record of CLEO Fellows surveyed was 2.76 while that of the traditionally accepted law school student approximated 3.02.

Law School Performance: Academic Standing

Preliminarily, it should be noted that the students covered by the survey attended a total of 107 different ABA-approved law schools. However, of the 107 schools attended by the Fellows surveyed, twenty-seven (27) particular schools are associated with a majority of students reporting: 415 of the 682 students (60.8%) for whom data on this factor is available attended one of the 27 highlighted schools. It should be noted as well that the twenty-seven schools present a varied cross-section of institutions currently serving the interests of legal education, including many schools noted nationally for their solid academic programs and rigorously applied academic standards such as the University of California (Los Angeles, Davis, and Berkeley campuses), Harvard University, Georgetown, Columbia, and others. This factor was considered significant because the data on Fellows' academic standing reflects a surprisingly successful record of performance for the period of law school enrollment.

	IN GOOD STANDING		LESS THAN GOOD STANDING	
	ABSOLUTE NO.	% OF TOTAL	ABSOLUTE NO.	% OF TOTAL
1ST YEAR	594	87.0	89	13.0
2ND YEAR	643	94.1	40	5.9
3RD YEAR	677	99.6	3	0.4
VALID CASES:	680	MISSING CASES:		10

In the first year of law school, 87% of those Fellows surveyed were reported to be in good standing at the conclusion of that period. At the conclusion of the second year of law study the number of students in good standing rose to 94.1%; and in the third year the number rose to a seemingly phenominal 99.6% in good academic standing.

The data on Fellows' academic performance is impressive. Although little national data can be found which presents a clear picture of the general minority law students' rate of retention in law schools for the time period examined, it can be said that the CLEO experience/ result is measurably better. Moreover, when one considers the "predictive index" used in determining student performance in the first year of law study, the success of the CLEO Fellows looms even greater.

Bar Performance

The results of the survey of CLEO Fellows' bar performance has established that 55.8% or 378 of the 678 graduates responding passed their respective bar examination on the first sitting, and that an additional 18.1% or 123 Fellows passed on the second attempt. A total of 73.9% or 501 of those 678 Fellows who responded had passed their respective bar examination at least by their second attempt.

It is important to note that the bar passage rates were restricted to the first jurisdiction in which a graduate sat for the bar examination; moreover, in those few cases where no specific pass date for an examination was available to discern between a bar pass on the first or second try (e.g., a June 1973 graduate whose only recorded sitting and pass on a bar examination occurred in February 1974), it was assumed for the purpose of this study that the individual first sat for the bar in the same year as his graduation; hence, the February 1974 sitting constituted the second attempt. Where no specific date of bar passage is listed, yet where bar admittance was reported, it is assumed that this admission occurred on a third or subsequent sitting.

	ABSOLUTE NO.	% OF TOTAL
PASS - 1ST ATTEMPT	378	55.8
PASS - 2ND ATTEMPT	123	18.1
PASS - 3RD ATTEMPT OR MORE	81	11.9
FAIL - NO PASS REPORTED	96	14.2

VALID CASES: 678 MISSING CASES: 12

Were one to analyze the national bar data during the years covered by the CLEO survey, i.e., 1971 - 1976, as a total pool, a national bar passage rate of 74% would be derived. The 74% figure compares favorably to the CLEO bar passage rate of 73.9%. Again, given the quantifiable data used in predicting the admission of these students to law school in the first instance, the CLEO Fellows bar performance is indeed significant.

Law School Attended/Bar Passage

The bar examination performance is viewed by many as an essential factor in determining the viability of affirmative admission programs, the policy rationale for the creation of many of these programs having been the gross underrepresentation of minority group presence in the bar. In an effort to ascertain whether the overall success of CLEO Fellows on the bar examination would remain consistent when analyzed in the context of a particular law school's graduates, an additional cross-tabulation of data was conducted pitting the individual law school attended by CLEO Fellows against the variable of bar performance.

The following listing of schools represents those schools with at least ten graduates responding to the survey. For the purpose of this analysis, bar passage was quantified not by the number of individual sittings, but rather by a more general category of bar passage "at any time." In creating the more general category, it was assumed that the ultimate passage of the bar is the more important consideration when compared with whether an applicant passed on the first, second or third attempt; as noted earlier, the substantial majority of CLEO Fellows passed the bar examination on the first or second effort.

A total of twenty-six (26) were involved in this analysis, representing 59.6% of CLEO Fellows surveyed or 401 of 673 valid cases. Of the twenty-six schools represented, fifteen (15) achieved a ninety percent (90%) or better rate of their graduates having successfully negotiated the bar; an additional seven (7) schools' graduates achieved a bar passage rate of eighty percent (80%) or better. The average total rate of bar passage for all CLEO Fellows surveyed was eighty-seven and one-half percent (87.5%) or 589 of the 673 valid cases.

Several points of interest should be noted when reviewing the following Table: First, the frequency of returns is particularly well distributed, thereby, helping to reduce concern regarding a potentially disparate or aberrational sample. Secondly, the law schools involved, and presumably the bar examination as well, reflect a broad geographic range. This factor alone helps to insure the truly national character of the data. Third, in spite of the random nature of the rate of bar passage, given the number of classes involved and the differing jurisdictions in which candidates sat for the examination, the percentage of those individual candidates who passed a bar examination remained remarkably consistent across the individual schools:

LAW SCHOOL ATTENDED/PASSED BAR AT SOME TIME

Law School	No Pass Reported Absolute No.	%	Passed Absolute No.	%	Row Total Absolute No.	% of Total Survey
1. U. of Denver	9	28.1	23	71.9	32	4.8
2. U. of New Mexico	3	10.7	25	89.3	28	4.2
3. UCLA	8	32.0	17	68.0	25	3.7
4. U. of Virginia	3	13.0	20	87.0	23	3.4
5. U. Calif-Davis	6	28.6	15	71.4	21	3.1
6. Wayne State U.	1	4.8	20	95.2	21	3.1
7. U. of Texas	0	0.0	18	100.0	18	2.7
8. Howard U.	2	11.8	15	88.2	17	2.5
9. U. of Illinois	2	12.5	14	87.5	16	2.4
10. Texas Southern U.	1	6.7	14	93.3	15	2.2
11. Georgetown U.	0	0.0	14	100.0	14	2.1
12. George Washington U.	1	7.7	12	92.3	13	1.9
13. U. of Arizona	1	7.7	12	92.3	13	1.9
14. U. of Southern Calif.	2	15.4	11	84.6	13	1.9
15. Temple U.	1	7.7	12	92.3	13	1.9
16. Arizona State U.	3	25.0	9	75.0	12	1.8
17. U. Calif-Berkeley	2	16.7	10	83.3	12	1.8
18. Columbia U.	1	9.1	10	90.9	11	1.6
19. Harvard U.	1	9.1	10	90.9	11	1.6
20. U. of Florida-Gainesville	0	0.0	11	100.0	11	1.6
21. U. of Miami	0	0.0	11	100.0	11	1.6
22. Rutgers U.-Newark	0	0.0	11	100.0	11	1.6
23. U. of Santa Clara	2	20.0	8	80.0	10	1.5
24. U. Calif-Hastings	1	10.0	9	90.0	10	1.5
25. U. of Houston	0	0.0	10	100.0	10	1.5
26. U. of Notre Dame	0	0.0	10	100.0	10	1.5

Career Patterns

To the extent that the ultimate raison d'etre of any affirmative admission program in law schools is to increase access to the decision-making process of both the private and governmental sectors by members of disadvantaged groups, the career patterns of successful graduates of these programs may be the most significant measure of the success of affirmative admissions.

The CLEO survey sought to shed some light on this question. Questionnaire returns provided career patterns data on 305 CLEO Fellows or 21.6 percent of those candidates eligible to respond. Although by no means complete, the career patterns of CLEO Fellows is particularly interesting when viewed in the context that but for CLEO, many of these attorneys would have been denied access to a legal education. It is interesting to note as well that the career activities of CLEO Fellows extend well beyond the exclusive interests (as traditionally defined) of minority communities, reflecting a job dispersal and diversity of interests of considerable breadth.

Judgeships	8
Elected Officials	1
Legal Education	7
Gradiate Education	5
Undergraduate Education	9

PUBLIC SECTOR

Assistant Prosecutors	3
City Attorneys	11
State District Attorneys	10
Federal Agencies, (Administration)	1
Federal Agencies, (Litigation)	25
Judge Advocates General Corps (Military)	3
Judicial Law Clerks	3
Executive Directors, Legal Services	4
Managing Attorneys, Legal Services	7
Staff Attorneys, Legal Services	32
Municipal Government (Administration)	1
Municipal Government (Litigation)	3
Municipal Government (Executive Director)	4
Public Defenders (State & Federal)	11
Public Interest Organizations (Administration)	5
Public Interest Organizations (Litigation)	1
Office of State Attorneys General	15
State Government (Administration)	2
State Government (Litigation)	12
Office of U.S. Attorney	11

PRIVATE SECTOR

Congressional Aides (House of Representatives)	1
Congressional Aides (Senate)	2
Corporate Practice (Litigation)	22
Corporations, Banks, Insurance Companies, Accounting firms, et. al. (Administration)	5
Entrepreneur (Owner of a Real Estate firm)	1
Law Clerk	2
Partner in a Law Firm (3 or more partners in firm)	17
Private Practice (Sole practitioner or partnership)	57
Staff Attorney in a Law Firm (3 or more partners in firm)	7
Staff Attorney in a Small Law Firm	1
Total	305

Conclusion

In the final analysis, the performance of CLEO Fellows speaks for itself. When one considers that the Program consciously services students that the objective predictors showed to be high risk candidates, the CLEO Fellows' academic and post-law school performance successes assume even greater significance.

CLEO PARTICIPANT DATA REPORT
February, 1983

1. Number of students participants in CLEO since its inception:

1968	1969	1970	1971	1972	1973	1974	1975	1976	1977	1978	1979	1980	1981	1982	TOTAL
161	448	212	221	217	233	225	251	220	221	217	224	207	219	217	3,493

2. Number of students successfully completing the summer institute program:

1968	1969	1970	1971	1972	1973	1974	1975	1976	1977	1978	1979	1980	1981	1982	TOTAL
151	444	197	210	123	229	225	244	216	208	213	222	203	211	207	3,303

3. Number of summer institute graduates entering law school:

1968	1969	1970	1971	1972	1973	1974	1975	1976	1977	1978	1979	1980	1981	1982	TOTAL
131	400	191	207	210	218	219	234	205	197	203	214	187	198	189	3,203

4. Number of students who have graduated from law school:

1968	1969	1970	1971	1972	1973	1974	1975	1976	1977	1978	1979	1980	1981	1982	TOTAL
83	293	131	137	144	158	161	152	150	124	114	124	NA	NA	NA	1,771

5. Number of law school graduates who have passed the bar examination:

1968	1969	1970	1971	1972	1973	1974	1975	1976	1977	1978	1979	1980	1981	1982	TOTAL
68	178	82	62	56	53	54	45	2	2	1	NA	NA	NA	NA	603

6. Number of law school graduates for whom CLEO has no bar data:

1968	1969	1970	1971	1972	1973	1974	1975	1976	1977	1978	1979	1980	1981	1982	TOTAL
8	86	39	70	83	97	99	95	148	122	113	124	NA	NA	NA	1,084

7. Number of law school graduates who failed the bar examination:

1968	1969	1970	1971	1972	1973	1974	1975	1976	1977	1978	1979	1980	1981	1982	TOTAL
7	29	10	4	5	8	6	12	NA	NA	NA	NA	NA	NA	NA	81

8. Number of graduates who never took bar examination:

1968	1969	1970	1971	1972	1973	1974	1975	1976	1977	1978	1979	1980	1981	1982	TOTAL
			1			2									3

8. Number of male students in law school receiving CLEO stipends:

1968	1969	1970	1971	1972	1973	1974	1975	1976	1977	1978	1979	1980	1981	1982	TOTAL
0	0	0	0	0	0	0	0	0	0	2	18	57	87	84	248

9. Number of female students in law school receiving CLEO stipends:

1968	1969	1970	1971	1972	1973	1974	1975	1976	1977	1978	1979	1980	1981	1982	TOTAL
0	0	0	0	0	0	0	0	0	0	1	25	75	66	105	283

10. Total number of students enrolled in law school receiving stipends:

1968	1969	1970	1971	1972	1973	1974	1975	1976	1977	1978	1979	1980	1981	1982	TOTAL
0	0	0	0	0	0	0	0	0	0	3	43	132	164	189	531

11. Number of students receiving stipends in Fall, 1982 - by ethnic breakdown:

	1978	1979	1980	1981	1982	TOTAL
American Indian	-	-	2	1	3	6
American Indian/Black	-	1	-	-	1	2
Appalachian	-	-	1	-	1	2
Asian American	-	1	7	4	6	18
Black	-	31	82	102	110	325
Black/Hispanic	-	-	-	1	-	1
Caucasian	1	2	1	6	5	15
Chicano	2	7	23	36	40	108
Cuban	-	-	3	1	1	5
Hawaiian	-	-	1	-	-	1
Hispanic	-	1	1	2	9	13
Hispanic/Indian	-	-	-	1	-	1
Puerto Rican	-	-	11	9	11	31
Vietnamese	-	-	-	-	1	1
Unknown	-	-	-	1	1	2
TOTAL	3	43	132	164	189	531

12. Number of students enrolled in law school not receiving CLEO stipends:

1968	1969	1970	1971	1972	1973	1974	1975	1976	1977	1978	1979	1980	1981	1982	TOTAL
0	0	0	0	0	0	0	0	0	0	9	1	4	7	7	28

13. Total number of CLEO students enrolled in law school:

1968	1969	1970	1971	1972	1973	1974	1975	1976	1977	1978	1979	1980	1981	1982	TOTAL
0	0	0	0	0	0	0	0	0	0	12	44	136	171	196	559

14. Number of students auditing CLEO summer institute programs:

1968	1969	1970	1971	1972	1973	1974	1975	1976	1977	1978	1979	1980	1981	1982	TOTAL
0	1	6	3	1	16	23	5	9	11	10	6	20	6	6	123

15. Number of students who never enrolled, deferred entrance, withdrew or were dismissed:

	1968	1969	1970	1971	1972	1973	1974	1975	1976	1977	1978	1979	1980	1981	1982	TOTAL
iled Institute	10	4	14	11	4	3	-	-	4	12	4	1	4	8	4	83
eferred	-	-	-	-	-	-	-	-	-	4	3	3	4	6	2	22
ismissed	20	56	39	48	36	30	33	28	27	24	35	19	29	24	-	431
ithdrew:																
d. Standing	2	8	2	1	2	1	1	-	-	-	-	-	-	-	-	17
ailing	5	8	7	2	3	2	1	1	2	2	-	5	2	1	-	41
ilitary	4	5	-	-	-	-	1	-	-	-	-	-	-	-	-	10
edical	-	1	1	1	3	2	2	-	1	1	1	-	1	-	-	14
inances	-	4	-	1	-	-	-	-	-	-	-	-	-	-	-	5
o Reason	10	23	10	12	11	22	13	18	8	8	12	4	15	1	-	167
eath	-	2	-	-	-	1	-	1	-	1	-	-	-	-	-	5
cademic Status Unk.	4	1	1	5	13	3	6	25	18	37	30	18	2	-	-	163
eave of Absense	-	-	-	-	-	-	3	4	1	2	1	1	2	-	-	14
ever Enrolled	22	40	7	3	3	13	8	4	6	6	6	6	12	8	15	159
TOTAL	77	152	81	84	75	77	68	81	67	97	92	57	71	48	21	1,148

16. Anticipated CLEO summer institute participants - June, 1983	220
17. Anticipated law school enrollees - Fall, 1983	220

NOTE: Bar information is grossly understated. This information is not generally known by the law schools and can only be ascertained with accuracy if it is known in which of the fifty (50) jurisdictions an individual sat for an examiation.

STATEMENT OF PETER BUDRYK, DIRECTOR OF UPWARD BOUND, WESLEYAN UNIVERSITY, CONNECTICUT, NATIONAL COUNCIL OF EDUCATIONAL OPPORTUNITY ASSOCIATIONS

Senator INOUYE. Our final witness today is Mr. Peter Budryk, the director of Upward Bound of Wesleyan University in Connecticut, speaking for the National Council of Educational Opportunity Associations.

Sorry to keep you waiting so long. You may take all the time you want, now. [Laughter.]

Mr. BUDRYK. I might take you up on that.

Senator INOUYE. You had better not do that. [Laughter.]

Mr. BUDRYK. The best I can do, given the number of points that have been expounded by the speakers before me, is to indicate that the head of the social studies department in our Upward Bound program is from Kahuku.

Senator INOUYE. You made points. Boy, you are all making points around here. [Laughter.]

Mr. BUDRYK. I want to thank you for the opportunity to speak today about the achievements of the special programs for students from disadvantaged backgrounds, the TRIO programs; that is Upward Bound, talent search, special services for disadvantaged students, educational opportunity centers in training, and the needs of the students enrolled in these programs.

As you indicated in your introduction, I am the director of the Upward Bound project at Wesleyan University, and I am testifying on behalf of the National Council of Educational Opportunity Associations.

Upward Bound is 17 years old, and I am proud to say that I have been associated with the program throughout the entire history.

As so many witnesses before me have done, I am going to quote from the National Commission on Excellence in Education, which states that: "all, regardless of race or class or economic status are entitled to a fair chance and to the tools for developing their individual powers of mind and spirit to the utmost."

This is from "A Nation at Risk, the Imperative for Educational Reform." Well, TRIO programs are effective, working models of educational working reforms. Upward Bound, talent search, and the other programs have been seriously underfunded throughout their history. In 1981 we were funded at $156 million; in 1982 we were cut 4 percent; in 1983, part of the cut, $4.5 million were restored; and in fiscal year 1984, the national council is recommending funding of $170 million to bring the TRIO appropriation to its authorized level.

However, even a small increase can't compensate for the 29-percent loss in real dollars which TRIO experienced between 1980 and 1983.

Why increase TRIO funding?

Simply, TRIO works. This small Federal investment in human capital is morally just, educationally sound, and economically defensible.

The alternative is continued massive expenditures for penitentiaries, welfare, vandalism, unrest. The cost of wasted talent. It makes me think of the metaphor that someone once used of the country standing at the edge of a very tall cliff at the base of which is a fleet of very expensive, costly ambulances. It seems to me to be more cost effective to build a small fence at the top of the cliff, rather than to support the fleet of ambulances.

The charts and statistics in my written testimony clearly document the demonstrated effectiveness of TRIO programs. Research Triangle Institute study shows that Upward Bound students are four times as likely to graduate from college as their counterpart.

The Coolson-Bradford case study shows that students who receive special services in their freshman year at college are twice as likely to remain in school.

Placement records of talent search and educational opportunity centers show that over 20 percent of the total black and Hispanic sophomores who are currently enrolled in colleges around the country receive counseling and information from these programs.

Again, why increase TRIO funding? Again, the National Commission on Excellence in Education: "We do not believe that a public commitment to excellence and educational reform must be made at the expense of a strong public commitment to the equitable treatment of our diverse population."

My printed testimony documents the patterns of funding, cutbacks and the loss of spending power of TRIO programs between 1980 and

1983. By way of illustration, even though the Department of Education allocated all of the $4.5 million restored in 1983 to Upward Bound, only 430 projects will be funded compared to the current 444 operating.

This pattern of lost programs translates into lost services, lost students. For example, in Connecticut over the years, programs have been lost at Yale, Connecticut College, the University of Hartford, University of Bridgeport. I wish Senator Weicker were here to hear that. I am sure he knows.

Level funding and cutbacks compounded by the purchasing power lost over the years to inflation, can result in only one tragic consequence now; students will not be served. Economies instituted by project directors to date have shied away from cutting back on the number of students served. Level funding will force this decision in the face of diluted effectiveness.

The example of Connecticut's TRIO losses and lost students is multiplied across the country. $170 million in funding can arrest this loss.

Level funding again will deprive services to 33,200 students from 77 projects. Whose children? Whose States? If we are truly one nation, our children, yours and mine.

In closing, I would like to personalize this a little by speaking briefly of my own experiences with Upward Bound. Many people stereotype Connecticut as a quality of life State, where Dick and Jane and Spot come tumbling out of the house to greet Dad coming home with the briefcase in hand. However, Connecticut contains 2 of the 10 poorest cities in the country; Hartford and New Haven. At the moment we are within the top five in population density.

Many people come to Connecticut from other parts of the States looking for this better quality of life. Some have found opportunities, and still too many others have not.

In Middletown, Conn., which is one of the two cities served by Wesleyan University's Upward Bound program, there are more than 30 percent of the citizens who earn less than $12,500 annually, and almost 20 percent of the population is minority.

Yet, between the years 1924 and 1966, only eight minority students from that city went to college. Since that time from 1966 on, when the Upward Bound program began, the picture has become much different. I would like to quote from an editorial in the newspaper: "In the case of Middletown, it is possible to run programs in which the percentage of minority students going off to college is higher than white students. In Middletown, the reason that this happens is because of the relationships that have been worked out between the two public high schools and Upward Bound."

The cities of Middletown and Meriden, which those of you who have been following the news know is the site of many disturbing Klan rallies, are such strong advocates of TRIO, that they allocate $20,000 a year to the Wesleyan Upward Bound program.

One year in Middletown I interviewed a 12-year-old black girl who was in the 8th grade. She was rather shy, had four siblings, her mother was on welfare. We accepted her into the program. During the course of her 4 years in high school her guidance counsellor advised her not to apply to Boston College, because she thought that it would be too challenging a school for her.

With our advice, she did apply, she graduated Cum Laude, has since earned her masters degree at another college, and has been the associate director of the Wesleyan Upward Bound program since then.

I had several other examples which I won't bore you with now, because everybody is anxious to get to lunch and stop listening to me rattle on.

But I would like to say that I have been involved with the Upward Bound program, and I am a conservative independent. I believe that programs like TRIO make conservatives. I believe if you give people a piece of the action, they will want to conserve it.

I wouldn't be in the business for as long as I have been, if they hadn't been effective. They break the cycle of poverty, and make youngsters who would otherwise end up as drains on the GNP, contributing to the GNP.

I thank you for the opportunity to make my case. I would be glad to answer any questions.

Senator INOUYE. How many persons have benefited from your activities in your area?

Mr. BUDRYK. In my area, in the Middletown-Meriden area which we serve, nearly 300 students have benefited from our services, have gone on to college and graduated. Across the country, I understand the figure is over 2 million.

Senator INOUYE. All 300 have gone through college?

Mr. BUDRYK. Some of them are in the process of going through college. Not all of them have completed.

Senator INOUYE. And it is your contention that without this program they would not have gone to college?

Mr. BUDRYK. It is my experience as a former teacher and my capacity as an Upward Bound project director, that it is very, very clear that they would not have gone to college. There may be some exceptions here and there, but the larger percentage of those students would not have.

Senator INOUYE. With that high note, I would like to thank you very much, and apologize to you for having waited this long.

Your statement will be placed in the record at this point, along with other statements submitted for the record concerning higher education.

[The statements follow:]

STATEMENT OF PETER BUDRYK

Mr. Chairman, Members of the Subcommittee, I appreciate the opportunity to appear before you today to discuss the accomplishments of the Special Programs for Students from Disadvantaged Backgrounds--the TRIO Programs--and the needs of the students enrolled in these programs. I am Peter Budryk, Director of the Upward Bound Project at Wesleyan University in Middletown, Connecticut, and I am testifying on behalf of the National Council of Educational Opportunity Associations.

THE TRIO PROGRAMS

The Special Programs for Students from Disadvantaged Backgrounds subpart authorizes five programs: Educational Opportunity Centers, Special Services for Disadvantaged Students, Talent Search, Upward Bound, and a training authority for Special Programs staffs. For FY 1981, the $156.5 million appropriated for the TRIO programs was allocated as follows: $8.0 million to Educational Opportunity Centers, $63.9 million to Special Services, $17.1 million to Talent Search, $66.5 million to Upward Bound and $1.0 million for training. In FY 1982, each of these programs was cut by approximately 4%.

Part of this cut--$4.5 million--was restored under the FY 1983 Continuing Resolution. In fiscal year 1984, the National Council of Educational Opportunity Associations is recommending sufficient funding, $170 million, to bring the TRIO appropriation to its authorized level. This small increase cannot compensate for the 29% loss in real dollars which TRIO experienced between FY 1980 and FY 1983.

EVIDENCE OF EFFECTIVENESS

The argument to increase funding for these programs is particularly clear in light of their demonstrated effectiveness. Shown below are the college placement and graduation rates of students who have been enrolled in Connecticut Upward Bound programs since they were first funded:

CONNECTICUT UPWARD BOUND PROGRAMS

PLACEMENT/RETENTION SUMMARY[1]

	1967	1968	1969	1970	1971	1972	1973	1974	1975	1976	1977	1978	1979
Fairfield University	—	—	—	—	—	—	—	—	—	—	—	94% / 90%	93% / 90%
Trinity College	—	—	—	—	—	—	—	69% / 67%	87% / 46%	79% / 50%	84% / 48%	76% / 36%	71% / 47%
University of Connecticut	—	—	—	— / 26%	— / 55%	— / 36%	— / 47%	— / 43%	— / 35%	— / 54%	— / 46%	— / 66%	— / 63%
Wesleyan University	100% / 100%	84% / 60%	90% / 11%	85% / 18%	82% / 29%	100% / 18%	100% / 42%	85% / 64%	90% / 70%	76% / 50%	65% / 55%	94% / 60%	75% / 73%

The results for Connecticut Upward Bound projects are somewhat higher than the results from the major national study of Upward Bound which, however, also shows a positive impact on college matriculation and graduation. That study demonstrates that high school students who participate in Upward Bound are four times as likely to graduate from college as are similar disadvantaged students who did not participate.[2]

Similarly, the only national study of Special Services to date provides strong evidence of effectiveness. This study demonstrates that students who receive the full range of Special Services (counseling, tutoring, and basic skills instruction) during their freshman year are twice as likely to remain in school as are similar low-income and first-generation students who did not receive such services.[3]

As of this date, no national studies of Talent Search or Educational Opportunities Centers have been completed, but project placement records indicate that over 20% of black and Hispanic sophomores in college received counseling or information services from a Talent Search project or an Educational Opportunity Centers before enrolling.

THE NEED FOR INCREASED FUNDING

The impact of the decision to be made by this Subcommittee with respect to TRIO funding can be shown most graphically if we examine Upward Bound funding patterns for FY 1983, and project them to Special Services patterns for FY 1984.

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[1] Numerator equals % of Upward Bound graduates enrolled in postsecondary education; denominator equals % of Upward Bound students graduated or still enrolled in postsecondary education.

[2] Burkheimer, Graham J.; Riccoboni, John A.; and Wisenbaker, Joseph M. Evaluation Study of the Upward Bound Program: A Second Follow-up. (Research Triangle Park, North Carolina: Research Triangle Institute, 1979).

[3] John E. Coulson with Clarence Bradford and Judith Kaye, Evaluation of the Special Services for Disadvantaged Students (SSDS) Programs: 1979-80 Academic Year. (Palo Alto, CA: Systems Development Corporation, 1981).

This is true because TRIO programs are funded on alternating three year cycles. Upward Bound grants expired in FY 1983; Special Services grants will expire in FY 1984, Talent Search and Educational Opportunity Centers grants will expire in FY 1985.

In order not to drastically reduce the number of Upward Bound projects funded, the Department of Education chose to allocate all of the $4.5 million in increased TRIO appropriations received in FY 1983 to Upward Bound. As a consequence, approximately 430 Upward Bound projects will be funded in FY 1983, as opposed to 444 in FY 1982. To fund this number of projects, however, the average grant increase for Upward Bound was held to about $15,000, for an average grant only about 6% higher in absolute dollars than the FY 1981 average. Talent Search, EOC and Special Services projects were level funded. Given inflation, between FY 1980 and FY 1983, each Upward Bound project will have experienced a 23% cut in purchasing power, even taking into consideration the slight increase individual projects received in FY 1983.

In FY 1984, the same dilemma repeats itself with Special Services. Between FY 1981 and FY 1983, the average Special Services grant decreased $9,397 (9%) in actual dollars and lost 36% of its purchasing power. Assuming another year of 6% inflation, this is a 41% loss in purchasing power since the last set of multi-year grants were made.

THE TRADEOFF: CUT PROJECTS OR DECREASE PROGRAM EFFECTIVENESS

If the Special Services projects funded in FY 1984 are to receive increases which amount to even half of the funding lost during this period, and if the TRIO appropriations are not increased, 155 projects--one out of four--would have to be eliminated. If the level of funding per project were to be brought to actual FY 1980 levels, one out of three projects would have to be eliminated.

It is possible, one might argue, to fund the same number of projects but at a reduced level. But by looking at the Upward Bound situation, the fallacy in this argument becomes apparent. As you may know, Upward Bound programs have been funded since fiscal year 1966. Over this period, the cost per student in Upward Bound has been cut by more than 50%. While in FY 1966 the cost per student in 1967 dollars was $1,265, by FY 1982 the cost per student in 1967 dollars was $620.[4]

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[4] Costs are adjusted based on the consumer price index as reported in the October 1982 Handbook of Basic Economic Statistics, (Washington: Economic Statistics Bureau, Bureau of Labor Statistics).

These reductions in actual cost per student have occurred both when increased funding has allowed economies of scale, but also because, when forced to choose between eliminating students and cutting back on services to each student enrolled, project directors have consistently chosen to cut back the services available to each student rather than eliminate students.

But, as you well know, one can only cut per student costs so far without sacrificing project effectiveness. With Special Services we are talking about a program with an average grant size of $94,844 and the obvious steps to cut costs have already been taken. In very few institutions is there anything left to do but cut staff, cut services, and cut students. This conclusion is substantiated by a recent General Accounting Office report which notes that many Special Services projects are unable to provide the full range of counseling, tutoring, and instructional services necessary for maximum effectiveness.[5]

Clearly, level funding places TRIO in an untenable position: severely cut back the number of projects funded and students served, or lower program effectiveness. In the simplest terms, as shown on the table attached to this testimony, an appropriation of $170 million will provide services to 33,200 students who could not be enrolled if funding were continued at current levels; $170 million will continue 77 projects which would probably not be funded if appropriations are continued at current levels.

In closing, I would like to speak briefly of my own experiences with TRIO. Many people stereotype Connecticut as the Northeast's "quality of life" state: high average earnings coupled with low unemployment; quiet tree lined strees with well-spaced single homes out of which come tumbling Dick, Jane, and Spot happily greeting Dad in his suit and tie, with brief case in hand, home from a day at the office. In truth, the Constitution State contains two of the nation's ten poorest cities--Hartford and New Haven. It is among the top three in the country in population density. Many Americans have come to Connecticut from other parts of the country seeking this better quality of life. Some have found opportunities, too many still have not.

The City of Middletown, Connecticut, which is one of two cities served by the Wesleyan Upward Bound project has a population of nearly 40,000. More than 32% of its citizens earn less than $12,500 annually. Almost 16% of the city's population is minority. The enrollment at the two public high schools is 28% minority. Yet, in Middletown, from 1924 until 1966, only eight minority residents went to college. Since 1966, the first year that the Wesleyan Upward Bound project was funded, the situation has become much different. In 1978, Mr. Derry D'Oench, Editor of the Middletown Press and currently Chairman of the Board of Governors of Higher Education for the state of Connecticut wrote an editorial entitled, "An Excellent Job,"

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[5] U.S. General Accounting Office, Department of Education Uncertain About Effectiveness of Its Special Services Program (Washington: GAO/HRD-83-13, November 12, 1982).

> ...in the case of Middletown, it is possible to run programs in which the percentage of minority students going on to college is higher than white students. In Middletown, the reason that this happens is because of the relationships that have been worked out between the two public high schools and Upward Bound.

One year in Middletown, I interviewed and accepted into Upward Bound, a black 12 year old girl who was in the 8th grade. She was rather shy, had four brothers and sisters and her mother was on welfare. At one point during high school, her counselor tried to discourage her from applying to Boston College, even though we advised her to the contrary. Subsequently, she graduated from Boston College, cum laude, co-captain of the volleyball team, and has since earned a Master's Degree in Counseling. For the past three years, she has been the Assistant Director and Counselor in our Wesleyan Upward Bound.

Another illustration is a youngster who lived in the Meriden public housing projects with his elderly and disabled parents who had emigrated from Puerto Rico and were subsisting on welfare. Having extreme difficulties with English, he was referred to Upward Bound. He has since graduated from Princeton and is now a personnel executive for Traveler's Insurance.

Yet another and final example is the white Middletown youngster whose mother was attempting to raise him and three other children on welfare benefits. He was referred to Upward Bound in the eighth grade because he was having severe academic problems and was in danger of being held back. We discovered that he had been using most of his after school time scaring up odd jobs to help his mother support the family. He has since graduated from a private secondary school, earned a degree at Providence College, and is now a first lieutenant and aviator in the Air Force.

These examples are obviously dramatic. But they are real and are no less dramatic than the examples of other youngsters whose lives have turned around and for whom the cycle of poverty has been broken by the opportunity of Upward Bound.

These examples are multiplied by TRIO programs across the state of Connecticut and throughout the country. TRIO does not have a 100% success rate. What educational operation does? But given that it is working with young people whose futures are clearly documented as being at risk, TRIO has an outstanding record of achievement. Together with federal student financial aid, TRIO is assisting low-income, minority and first-generation students to achieve the American Dream and to contribute to the GNP. It frees them from continuing the poverty cycle, from adding to the federal deficit.

I appreciate the opportunity to testify before you today and would be pleased to answer any questions you might have.

COMPARISON OF TRIO FUNDING, STUDENTS SERVED, PROJECTS FUNDED
1981-1984

				At $170 million	At level funding
	FY 1981	FY 1982	FY 1983*	FY 1984*	FY 1984
Special Services					
Allocation	$63.9M	$60.7M	$60.7M	$70M	$60.7M
Participants	157,235*	150,622*	141,585	153,170	132,820
Cost Per Participants	405*	$406*	$432	$457	$457
Projects	613	640	640	578	501
Cost Per Project	$104,241	$94,844	$94,844	$120,920	$120,920
Upward Bound					
Allocation	$66.5M	$63.7M	$68.2M	$70.9M	68.2M
Participants	37,680*	35,805*	34,754	34,750	33,430
Cost Per Participant	$1,765*	$1,779*	$1,962	$2,040	$2,040
Projects	446	444	430	430	430
Cost Per Project	$149,103	$143,468	$158,604	$164,494	$158,604
Talent Search					
Allocation	$17.0M	$17.1M	17.1M	$17.8M	$17.1M
Participants	198,000*	197,453*	185,560	185,560	178,125
Cost Per Participant	$86*	$87*	$92	$96	$96
Projects	170	167	167	167	167
Cost Per Project	$100,000	$102,395	$102,395	$106,490	$102,395
EOC's					
Allocation	$8.0M	$7.8M	$7.8M	$8.1M	$7.8M
Participants	106,666*	109,400*	102,836	102,840	98,734
Cost Per Participant	$75*	$71*	$76	$79	$79
Projects	32	33	33	33	33
Cost Per Project	250,000	$236,364	$236.364	$245,819	$236,364
Training					
Allocation	$1.0M	$.9M	$.9M	$1.0M	$.9M
Participants					
Cost Per Participant					
Projects	1	11	10	10	10
Cost Per Project	$1,000,000	$81,818	$90,000	$100,000	$90,000
Total Appropriation	$156.5M	$150.2M	$154.5M	$170M	$154.7M
Total TRIO Students	465,669	493,280	464,735	476,320	443,109
Total TRIO Projects	1,262	1,295	1,280	1,218	1,141

*Projected

STATEMENT OF LOUIS W. SULLIVAN, M.D., PRESIDENT AND DEAN, MOREHOUSE SCHOOL OF MEDICINE

The Morehouse School of Medicine is the first and only predominantly black medical school to be established in the United States during the 20th Century, and it is only the third medical school to be established in a black college or university in the country. The medical program initially was founded in 1975 as a part of Morehouse College -- the Nation's premier historically black private college. Morehouse later emerged as an independent, fully accredited, two-year medical school with graduates who successfully completed their medical studies at such prestigious schools as Emory University, Brown University, Howard University, the Medical College of Georgia, the University of Alabama at Birmingham and Louisiana State University. At this time, Morehouse is in the process of converting to a four-year medical program, so that in 1985, Morehouse will award the school's first four-year medical degrees.

These significant achievements of the Morehouse School of Medicine are the result of a unique combination of federal, state, county, city and private resources contributed in the best of American traditions. Financial support for the school's activities has come from many quarters, including the Federal Government, the Georgia State Government, the American Medical Association, the dedicated men and women who served on the school's Board of Overseers and who presently serve on the Board of Trustees, the black physicians in Georgia and from around the nation as well as numerous private corporations and foundations. Through the collective support and encouragement provided by these individuals and organizations, Morehouse has been able to nurture the school's mission to train family physicians to serve primarily minorities and the poor in the inner cities and rural areas of the Nation.

As President and Dean of the Morehouse School of Medicine, I would like to take this opportunity to comment on the Administration's Fiscal Year (FY) 1984 Budget Request for the Institutional Aid Programs authorized by Title III of the Higher Education Act of 1965, as amended. Established in 1980, the Title III programs have provided financial assistance for developing institutions of higher education to help stabilize their management and fiscal operations so that they eventually may achieve self-sufficiency. In general, eligible recipients are institutions which provide higher education to substantial numbers of students from low-income families, but which do not have the financial capacity to support such activities as providing adequate management, improving academic programs and student services or upgrading the quality of their faculty.

Under Part A ("Strengthening Institutions Program") and Part B ("Aid to Institutions with Special Needs Program") of Title III, both two-year and four-year public and nonprofit private institutions of higher education are eligible for funding. Part C ("Challenge Grant Program") of Title III extends eligibility to certain graduate schools and medical schools, like the Morehouse School of Medicine, which contribute substantially to the medical education opportunities for minorities and the economically disavantaged.

These grants have been instrumental in helping minority institutions to develop the basic strengths necessary to attain financial stability and academic excellence. Moreover, these programs have nurtured the important objective for participating institutions to become independent of federal support. Under the "Challenge Grant Program," for example, institutions are provided a one-time grant for up to five years on a 50-50 matching basis. Both the nonrenewable and matching aspects of this program have encouraged institutions not to rely on federal support for extended periods of time and to enlist assistance from the private sector. Based on this cooperative effort, the "Challenge Grant Program" has promoted self-sufficiency among its participating institutions.

For FY 1983, the Administration proposed and the Congress agreed to authorize $129.6 million for the Institutional Aid

Programs. Specifically, $60 million was provided for each of Parts A and B, and $9.6 million for Part C.

In FY 1984, the Administration has proposed nearly a 4-percent increase ($4.8 million) in funding for a total of $134.4 million for these programs. This proposed increase in funding for the Institutional Aid Programs is consistent with the President's initiative to enhance federal funding for historically black institutions of higher learning.

As recently noted by Education Secretary Terrel H. Bell, historically black colleges and universities enroll 20 percent of the Nation's black students. Yet, these institutions award 40 percent of all the degrees earned by black students. Eighty-five percent of this country's black lawyers and doctors, 75 percent of its black Ph.D.'s and military officers and 50 percent of its black business executives have earned their degrees from these institutions.

We applaud the Administration's recognition of the significant contributions made by historically black institutions of higher education in providing our minority citizens with a variety of opportunities to develop their skills and talents. Moreover, we wholeheartedly support the President's initiative "to achieve significant increases in the participation of historically black colleges and universities in federally-sponsored programs." Finally, we strongly urge this Congress to adopt the Administration's proposal to fund the Institutional Aid Programs at $134.4 million for FY 1984.

LETTER FROM JOSEPH A. HASSON, PH. D., FORMER PROFESSOR OF ECONOMICS, HOWARD UNIVERSITY

April 9, 1983

Mrs. Jerry Muilenberg
Senate Appropriations Committee
United States Senate
Dirksen Senate Office Building
Room 186
Washington, D.C. 20510

Dear Mrs. Muilenberg,

I had a conversation with Ms. Carol Ortega of your Staff regarding the appropriations for Howard University.

As you must know, there has been a series of newspaper accounts involving Howard University in recent months in the Washington Post. By whatever norm, it is fair to infer that these stories have been damaging to the University. Numerous law suits by Faculty and former employees have been filed against it. Most of those cases have been lost by the University to the extent of its costing the University at least $1 million dollars in judgements handed against it or in out of court settlements.

The net effect of these cases and other evidence is to support the contention that all is not well there. The consequence is not only that people's rights are infringed upon but also the academic process is compromised. One must, then, wonder what the effect is on the quality of education and on the utilization of public resources appropriated by the Congress for Howard University. Numerous measures directed at improving the situation can be contemplated. I would urge the Senate Appropriations Committee assess the conditions at Howard, take counsel with present University Administrators, call in out-side experts, encourage the establishment of a Faculty Committee that would survey matters, develop an action program that would outline measures to be taken and then closely monitor recommendations to insure their implementation.

Enclosed you will find a copy of a letter I submitted to the Washington Post. Together with my enclosed memorandum, you may wish to make these a part of the Hearings record on the Howard University appropriations. Also, enclosed is a copy of my curriculum vitae to help establish my personal and professional credentials.

Very truly yours,

Joseph A. Hasson
Joseph A. Hasson, Ph.D.

4601 Iris Place
Rockville, Md. 20853

STATEMENT OF JOSEPH A. HASSON, PH. D.

I have been asked to submit a statement of my experiences at Howard University as Professor of Economics. This statement is made voluntarily. Howard University is an important institution of higher learning which is falling short of the potential it should be meeting. I make such a statement cognizant of its historical origins, the motives for its establishment and of the special relationship it has with the Congress of the United States.

My original association with Howard was in 1973 as a part-time Professor. After a term in that capacity, I was taken on as a full-time Professor of Economics. At that time, the Department of Economics was endowed by the Ford Foundation with a sizeable grant - in the neighborhood of $500,000 - for educating and training Black Americans on grounds they were underrepresented in the Economics profession. There were not many Black Americans in the Economics profession who could serve in the U.S.Government, teach in our Universities, serve in financial and manufacturing organizations. In brief, a discipline and profession of increasing importance was short of qualified Black Americans.

I was invited to join the Graduate Faculty of Howard University. I associated myself with the University in the belief that it was a good vehicle for practicing my profession as an educator, a place where I would have the opportunity of making a constructive contribution to the improvement of American society and fulfill my role as a Scholar.

What did I find at Howard? First, the Faculty of the Department of Economics was comprised largely of men who had come to the United States from Third World countries: Jamaica; Korea; Taiwan; Africa; India. They had come here originally for study and graduate training with the idea of ultimately returning to their native homelands where they could be helpful to their own peoples and societies. Instead, they had remained in the United States, displacing native American What had started out as a "brain drain" had become a hemorrhage. These men deprived their own lands of knowledge and skills valuable for their development and governance. They were occupying posts that rightly should have gone to indigenous Americans. Many of these persons have a poor knowledge of English and American mores; they cannot effectively function in the classroom. They are unfamiliar with the principles of academic rights, of academic governance, of contracts, etc. When I arrived at Howard, they were unable to conduct in an orderly fashion a Faculty meeting in accord with accepted democratic and parliamentary processes. Yet, these men voted tenure for one another, gaining protected positions, considerable power and control over the promotions and salaries paid others. They frequently abused and misused these powers. They deliberately discriminate in favor of their own kind - others from Third World countries and against native Americans, including whites from European stock whose qualifications are often considerably superior to their own. These conditions and others, noted below, impacted negatively on the ability to administer qualifty education programs at Howard University.

I have alluded, above, to the grant by the Ford Foundation for the express purpose of training Black Americans in the field of Economics. During my stay at Howard, only a small proportion proportion of those funds, if any, were granted to Americans. The decisions to grant those funds resided largely in the hands of the foreign Professors. Some effort, but precious little, was made to attract Black Americans. I think it highly appropriate to raise the question of how those Ford funds were ultimately employed: how many Black Americans were affected by that program? How many foreign students gained from the use of those Funds? Was the spirit of that Ford grant met or was it violated?

I can be even more specific in describing matters at Howard University. As a Full Professor, I was a member of the Graduate Faculty. This meant the University recognized my qualifications to help students prepare for Masters' and Ph.D. degrees. It must be recognized that not all Professors in a

University qualify for this status. It implies recognition that one's professional preparation has been demanding and rigorous enough; It implies that one has attained some level of professional competence beyond his training through scholarly research and publications in recognized media. Such a designated person has a responsibility for keeping abreast of latest developments in his fields of specialization so he can teach graduate courses, do basic research and supervise the work of graduate students. These tasks are an integral and crucial function of a University.

There was an oral working agreement between the Department Chairman and me in these matters. In addition to my teaching responsibilities, I was required to prepare preliminary examinations for M.A. and Ph.D. candidates. These examinations were demanding and had to be passed by students before they could progress towards their degrees. The Chairman frequently and without prior consultation with me would break his word. He would assign graduate courses for which I was responsible to a part-time person who worked with a consulting firm in town. A part-time person cannot and should not have such a responsibility. Not only was the Chairman's action a breach of his agreement with me but it constituted as well an untenable compromise with quality graduate training.

This situation became so serious, it was necessary to reduce our gentleman's agreement to writing. This was done between me, the Chairman and members of the Executive Committee of the Department. The Executive Committee was made up of tenured Professors in the Department and was its governing body. Faith, trust, mutual respect are integral elements among Faculty. Proper class scheduling, assignment of teaching responsibilities are integral parts of good management. At Howard University and in the Department of Economics such agreements were disregarded with impunity. These were breaches of contracts and constituted an abridgement of good faith agreements entered into with Faculty.

A basic principle of an academic environment is epitomized by the principle of academic freedom. This principle of academic freedom is essential to insure open inquiry without fear of reprisal that would prejudice results. It is aimed at counteracting the dangerous possibility of thought control and of being discriminated against because one's views and interpretation of principles do not conform to those with authority to injure the Professor. A free University is an essential element of a free society. Academic freedom must certainly be on a par with free speech and free press, guaranteed under the 14th Amendment.

Yet, I had possibl several experiences during my stay at Howard that constituted an infringement of my academic freedom. Case 1: A foreign student from Japan with very poor English flunked one of my graduate courses. Why was he allowed in the course? I cannot answer that question. Certainly, my permission as Professor was not obtained. The Department, including the Chairman and one Faculty member from Taiwan with no connection to the course had the F mark annulled. Again, I was not consulted. Such an action constituted an infringment of my rights as a Professor.

Case 2: A Black American woman in one of my undergraduate courses did poorly; she obtained a D as a final grade. The woman complained that I had allowed other students do extra work as a way of raising their grades. The student filed a complaint with the Departmental Chairman without first discussing the matter with me. The Chairman summoned me into his office to confront me with the situation. This was extraordinary and unwarranted. Proper procedure would have been for the woman student to be referred to me and discuss the matter directly with me. She would have found I had not allowed other students to do extra work as a way of raising their grades. Poor judgement in dealing with academic matters was commonplace in the Department.

Case 3: I have alluded to this case above. It entailed graduate courses taken from me and assigned to part-time, off-campus person(s).

Howard University is administered with inefficiency and incompetence It would take unwarranted time and space to develop this point. I can illustrate this charge with an example. During my stay at Howard my daughter was enrolled as a full-time student at the University of Michigan. Michigan is more than four times as large as Howard. Michigan was unerring and prompt in making funds available to her on her scholarship which enabled her to pay her tuition, purchase books and supplies and be ready for new classes at the outset of a semester. Never a hitch or delay. Students on scholarship at Howard - those I was in touch with - would invariably experience delays in receiving their scholarship credits. It caused then anxiety. It was often necessary for me as their Professor to approach University authorities and to prod them into making funds available to these students. Students operate on narrow resource margins. Hence, they could be wholly dependent on the good graces of the University. When the University fails them they can experience great hardship. Howard administrators seemed almost impervious to these conditions.

Yet there have been newspaper accounts of very high salaries drawn by Howard University officials. Based on 1980-1981 data collected by the College and University Personnel Association (CUPA), the following are median and related figures for U.S. Universities:

I Chief Executive Officers
(i.e. Presidents)

	Median Salary	Quartile I	Quartile III
All Institutions	$49,610	$39,782	$56,500
Private Institutions	45,000	35,000	57,000

II Vice-Presidents

All Institutions	39,000	31,380	48,555
Private Institutions	35,000	27,700	46,200

These overall data are available in more comprehensive form. The report on which these data are based is in the public domain. By whatever criteria, Howard salaries of its high level administrators are high and constitute a drain on the public treasury - certainly when compared with the quality of administration provided. At Howard, the President's salary is more than $100,000/per annum; several Vice-Presidents receive salaries in the $70,000-$90,000/p.a. range. These salaries exceed salaries obtained by U.S. Cabinet officers, U.S. senators, Justices of the U.S.Supreme Court - all men of high intelligence, responsibility and attainment. These Howard salaries are close to more than twice paid University administrators in other institutions of higher learning.

These high salaries can be compared with the treatment of students noted above. They can also be compared with the basic facilities of Howard University, an institution that grants graduate degrees. Thi imposes on Howard special obligations. For instance, it has a library that probably does not meet basic criteria for graduate work, criteria established by competent professional organizations. Its laboratories in the physical sciences and in engineering fall far short of those minimum requirements for producing technically competent graduates.

This memorandum is not an exhaustive survey of Howard. It is predicated on one person's experiences and observations. Nonetheless, it is not too harsh to infer that Howard University has been marked by grievous incompetence and maladministration. It has regularly violated rights of its Professors. There has been racial discriminatio There are too many foreign professors who hide behind the facade of tenure to violate the rights of others.

The depressing effect of foreigners on our economy has been investigated by the Senate Judiciary Committee which has published a Committee Report. Their presence has caused particularly great hardships during this recession. Personally, I have no objection to a regulated flow of immigrants into this country;

I have no objection to accepting refugees who are seeking political asylum if this is done a shared basis. I do object to the great inundation of foreigners, especially the many students who have chosen to remain here when their original purpose was to receive training and then return to their home countries.

It has also been difficult at Howard for a Faculty person to get a fair, reasonably prompt hearing for violations of his rights by other Faculty and by the Administration. Most universities have grievance machinery in place which a Staff person can resort to before taking a case to the courts. This machinery was not in place during my tenure at Howard. No standing committee was extant to listen to grievances. This absence constitutes a serious dereliction in the form of University governance.

I went to Howard with noble purpose and constructive ideas. My stay there proved catastrophic and has caused me personally great hardship. I was treated badly and discriminated against. My rights were violated and my income has been grievously shorn. It is very difficult in the middle of a severe recession for an older, more senior person to easily relocate himself at the same level of income he was earning. Howard and I are a good example of good intentions gone sour through the bad faith of others. It is a good example of Man's callous treatment of Man.

There is, I submit, need for a reassessment of Howard's role in American higher education. Is it serving the best interests of those Black American citizens it was originally aimed at. I believe the U.S. Congress has a responsibility to undertake a serious inquiry into the role, function and performance of Howard. The inquiry should be objective, honest and consistent academic freedom. Howard should not be treated as a 'sacred cow.' It should be strictly judged to determine whether or not it is meeting accepted norms of academic administration, academic standards and academic freedom. Anything less consitutes a deception and a disservice to the University, its students, the Black Community and U.S. taxpayers.

[From the Washington Post, Mar. 28, 1983]

How About a Closer Look at Howard?

Still another story appears in The Post involving Howard University. This time a French teacher has won a suit against the university on grounds of race discrimination and breach of contract [Metro, March 22].

According to the story, this is the fourth jury verdict against the university in the past two years in cases brought by faculty members and other employees. Since 1981, Howard has spent about $1 million in law suits and out-of-court settlements. Yet, it is doubtful that this figure represents the true cost of these cases.

In addition, Howard has had a recent case involving the editor of the school newspaper. Here, too, the courts ruled against the university and ordered the student reinstated. An essay by an associate professor of philosophy enumerating grievances and making a series of recommendations for straightening out Howard University appeared in The Post's op-ed page Feb. 15. Among his complaints, he referred to the high salaries paid the president and other administrators of the university.

Remember, these costs of Howard University are footed by American taxpayers. Howard is chartered by the federal government, and Congress appropriates most of its funds. It would be highly desirable this year for the committee responsible for the Howard appropriations to initiate a careful, objective investigation of the way the school is administered. This can and should be done without infringing on what is commonly called "academic freedom." Clearly, there is something dreadfully wrong there, and the American people have a right to know how their tax dollars are being used.

If Howard University has the potential for becoming a high-quality institution, such an investigation would help. The investigation would perform a useful service for all concerned: students, faculty, administration and taxpayers.

JOSEPH A. HASSON

Rockville

(The writer taught economics at Howard from 1973 to 1977.)

BIOGRAPHY OF JOSEPH A. HASSON, PH. D.

(H) 301-871-1618
(O) 301-871-1964

4601 Iris Place
Rockville, Md. 20853

OBJECTIVE:

To do research and to direct a staff of professional economists in areas of international trade and finance. The research would be aimed at testing hypotheses as a means of contributing to knowledge and the guidance of economic policy.

SUMMARY OF BACKGROUND:

I have had experience in the Federal Government, in universities and in consulting for international organizations. This experience, coupled with a sound academic background, uniquely qualifies me for a wide range of positions either in a university or a policy-oriented environment.

PROFESSIONAL ACCOMPLISHMENTS:

- **DIRECTED** research in the international energy field, particularly as it involved an assessment of the World's industrialized nations. A comparative analysis of alternative econometric models developed by the OECD, MIT, private research groups and DOE was undertaken.

- **PARTICIPATED** in several working groups associated with the INFCE (International Nuclear Fuel Evaluation) effort. These working groups were concerned with an assessment of overall economic assumptions, the development of breeder reactors, nuclear fuel reprocessing and an examination of alternative nuclear fuel cycles.

- **DEVELOPED** a long-term research program in the area of maritime economics, including rate base analysis, the re-evaluation of maritime subsidies, the economics of shipping conferences and the comparative position of U.S. and Soviet maritime fleets.

- **PREPARED** policy position papers on technical economic issues arising in a price control environment for guidance of members of the Price Commission in their wide-ranging deliberations.

- **EXAMINED** implications of price controls for U.S. international economic relations, both on the import and export sides.

- **SURVEYED** numerous modern- and small-sized companies for purposes of determining the role of and obstacles to their participating in foreign trade activities.

- **INITIATED** a wide-ranging study on the energy position of the United Kingdom, West Germany, Japan, Italy and India. The specific objective was to assess the potential role of nuclear power in each country's energy balance sheet in the long-run.

- **INITIATED** a series of studies on international economic issues for the OAS, the IADB, the UNCTAD and the RAND Corporation. These dealt with issues arising from economic integration among less developed countries, the new international economic order and international commodity problems.

- **TAUGHT** and **SUPERVISED** graduate courses and graduate students (Ph.D. & M.A.) at several universities. These positions entailed service on numerous academic committees, including curriculum revision, executive committees, University-wide research grants. Highest rank held: Professor of Economics.

EDUCATION:

Ph.D. & M.A. (Economics), University of Chicago, Chicago, Illinois (1951, 1949).
M.B.A. (Bus. Adm.), University of Chicago (1947).
B.A. (Econ. & Business), University of Washington, Seattle, Washington (1943).

HONORS & AWARDS:

Phi Beta Kappa, Beta Gamma Sigma, Beta Alpha Psi (University of Washington), 1943.
Fellow, London School of Economics, London, U.K., 1962-1965.
Fellowship, National Urban League, 1975, 1976.
Visiting Scholar, Brookings Institution, 1966.
Outstanding Performance Awards: Federal Energy Administration, 1977; Executive Offices of the President, 1973.
Letter of Commendation, Chamber of Commerce of the United States, 1961.
WHO'S WHO in the East, 1981, 1982.

FOREIGN LANGUAGES:

Spanish - speak, read, write.

WORK EXPERIENCE:

VISITING PROFESSOR OF ECONOMICS, Towson State University, Towson, Md., 1981-1982.

ADJUNCT PROFESSOR OF ECONOMICS, American University, Washington, D.C., 1978-1980.

PROFESSOR OF ECONOMICS, Howard University, Washington, D.C., 1973-1977.

ECONOMIC CONSULTANT, Washington, D.C., 1966-1968; 1971-1972; 1975-1978; 1980-1981; 1982 - Present.

OFFICE DIRECTOR, ECONOMIC RESEARCH, Federal Maritime Commission, Washington, D.C., 1973-1974.

SENIOR ECONOMIST, Executive Offices of the President - Price Commission, Washington, D.C., 1972-1973.

VISITING PROFESSOR OF ECONOMICS, Acadia University, Wolfville, Nova Scotia, Canada, 1970-1971.

PROFESSOR OF ECONOMICS, State University College, Buffalo, N.Y., 1968-1970.

FELLOW, London School of Economics, London, England, 1962-1965.

SENIOR ECONOMIST, Midwest Research Institute, Kansas City, Mo., 1957-1960.

ASSISTANT PROFESSOR OF ECONOMICS, Tulane University, New Orleans, La., 1956-1957.

ASSISTANT PROFESSOR OF FINANCE, University of Washington, Seattle, Washington, 1954-1956.

INTELLIGENCE RESEARCH ANALYST, Department of State, Washington, D.C., 1951-1954.

OTHER:

Publications - List available on request.

References - Available on request.

SUBCOMMITTEE RECESS

Senator INOUYE. The subcommittee will now stand in recess until Tuesday, May 10, when we will convene in this room at 8:30 in the morning, to complete the public witness testimony on the fiscal year 1984 budget for the Department of Education.

Thank you very much.

Mr. BUDRYK. Thank you, sir.

[Whereupon, at 12:10 p.m., Tuesday, May 3, the subcommittee was recessed, to reconvene at 8:30 a.m., Tuesday, May 10.]

DEPARTMENTS OF LABOR, HEALTH AND HUMAN SERVICES, AND EDUCATION AND RELATED AGENCIES APPROPRIATIONS FOR FISCAL YEAR 1984

TUESDAY, MAY 10, 1983

U.S. Senate,
Subcommittee of the Committee on Appropriations,
Washington, D.C.

The subcommittee met at 8:40 a.m., in room SD–116, Dirksen Senate Office Building, Hon. Lowell P. Weicker, Jr. (chairman) presiding.

Present: Senators Weicker, Rudman, and Domenici.

NONDEPARTMENTAL WITNESSES

Senator Weicker. The subcommittee will come to order.

This morning we will conclude our outside witness hearings on the fiscal year 1984 budgets for the departments and agencies under the jurisdiction of this subcommittee.

The witnesses today will be addressing appropriations for handicapped education, rehabilitation services and handicapped research, student financial assistance, and impact aid.

Now, we have a system of lights here, which may or may not be working, but that is not the point. The point is that each witness will have 4 minutes, and it is very difficult for this chairman to cut anybody off, especially when all of you have come from long distances and have some very meaningful testimony to give.

I would appreciate it, however, if you would keep it to 4 minutes out of consideration for your fellow witnesses. Otherwise, some won't get to testify at all.

Now, before having Senator Domenici, who has been a very valuable Member of this subcommittee, introduce the first witness, the Chair wants to address itself to certain reports which emanated from proceedings in the Congress yesterday and that relate directly to this committee.

I had occasion today, in a copy of U.S.A. Today, to see the following article, "President Wants Jobless to Pay for Own Health Care." "President Reagan will support Federal health care for jobless Americans only if it is 'pay as you go,' with the unemployed paying, Budget Director David Stockman said on Monday. Stockman told a Senate subcommittee the out-of-work should pay their own premiums for continued health insurance coverage. The administration would find any new Federal entitlement programs in this area totally unacceptable."

That pretty much summarizes the nature of the article.

I would now like to place into the record testimony from hearings before this committee on April 4, when the Chair asked the following question:

> The President's Commission on Ethical Problems in Medicine in its recent report indicated that 22 to 25 million Americans have no health insurance. It seems clear that many of these individuals are from the ranks of the jobless, and I would like to, first of all, have an indication from you as to how you view this current situation and what you are planning to recommend to the Congress to address the situation, particularly as it affects the jobless.

The response from Secretary Heckler:

> Well, of course, I have a great sense of compassion for the jobless in the society and I think their health care needs are a very pressing social concern.
>
> I have been in discussions and consultations with Senator Durenberger as well as Senator Dole, Members of the Finance Committee, and David Stockman in an attempt to find a means of dealing with the temporary jobless and the problems of health care for them during this interim period.
>
> There are various areas of discussion going on in the executive branch. We expect Senator Durenberger and the Senate to hold hearings on the subject shortly. We are working jointly to try to develop some criteria for a plan which would satisfy the current problem as well as not create a new entitlement program which would be an endless strain.
>
> There is a need to develop a policy that meets the specific dimensions of the situation we face today, and that is under ongoing discussion, a very active, intensive discussion.
>
> Senator WEICKER. I would like to have an idea of a time when you plan to have something in place.
>
> Secretary HECKLER. We had hoped to be able to present testimony of a concrete nature before Senator Durenberger's committee and this subcommittee at the same time. The consultations are taking place on a daily basis with the representatives of the Senate staff that I mentioned and David Stockman's office and my office.
>
> My Assistant Secretary for Planning and Evaluation is dealing with this issue and is meeting on a daily basis.
>
> As I said before, we are looking forward to a concrete proposal being drafted in the next few weeks, hopefully by the end of the recess.

The testimony goes further, but I will conclude, again, by the last comments made by Secretary Heckler.

> Secretary HECKLER. I can assure you that there is a sense of urgency about the need to address this problem. As a matter of fact, the Departments of Treasury and Labor are also participating in the consultations and the drafting of the new proposal.
>
> One of the reasons for the creation of this task force, combining both the executive and legislative branch of Government, was to be able to present a proposal to Congress that had Executive support and, therefore, could be passed with the speed that this particular problem actually deserves.

I then asked the question later on:

> Have you had any cost estimates on what you are proposing?
>
> Secretary HECKLER. At this point I have not, Mr. Chairman, but I will be glad to provide for the record any information we might have. Of course, the discussions are tentative. They are exchanges of views and exchanges of estimates, so that there is nothing that is sufficiently solid to really give us a good feeling for the cost of the program.

Now, I find those comments, in light of what occurred yesterday in the way of testimony, deliberately misleading. Obviously, there is no such plan coming from the administration, and the plan specifically is to let the jobless pay for their own health care.

That could have been arrived at—that conclusion—in a matter of about 10 minutes without any consultation with the executive branch or the legislative branch or, indeed, anybody, and it will be the intention of this committee to call back to the committee the Secretary to go ahead and explain these comments in light of the statements of the administration in the testimony before the Senate yesterday.

I can't think of anything more devastating—in addition to, obviously, the loss of income that is attributed to this recession insofar as individuals are concerned—I can't think of anything more devastating than having no health insurance, and obviously the price to be paid then either is beyond the reach of anyone and, therefore, the health care is not delivered or, indeed, maybe those persons have to borrow to the extent that the rest of their lives have been placed in hock.

In any event, that is an unacceptable solution to a very pressing problem insofar as the Chair of this committee is concerned, and I so state for the record, and I will ask staff to go ahead and have appear before the committee all those officials of the administration—I might add there were more than just the Secretary—who testified that a plan to cover this particular situation was in the works.

It is clear no such plan is in the works. The Nation ought to know about it. But I think what would disgust the Nation, as it disgusts me, is to be misled on the point that was raised by the Chair, raised by the committee, with the idea in mind that some thoughtful solution could be devised.

With that eye opener, why, we will turn things over to my good friend Senator Domenici that he might go ahead and introduce the first witness to the hearing.

Senator Domenici. Mr. Chairman, if you would permit me to speak on the issue that you just raised for just one moment.

I talked at length with the distinguished Chairman of the Finance Committee. As you know, he did propose an amendment to the budget on the floor of the Senate. His best estimate was that we could start that program with about $1 billion in outlays in fiscal year 1984.

I think the record should reflect that the chairman of the Finance Committee has in mind that we find a way to pay for the health insurance. From everything I can understand from the distinguished chairman of the Finance Committee, it is inconsistent with the statement that the unemployed would be the source of the revenue.

He has in mind looking at the Tax Code itself to find some logical way of raising the revenue. I don't think that committee, in terms of its jurisdiction, has in mind that it is the unemployed themselves from whence the source of money would come.

I tend to agree with Chairman Dole that we ought to find a way to pay for it, but I certainly agree with you, Mr. Chairman, that any notion that you can just go out and ask the unemployed themselves, who don't have any insurance, to come up with the money is really kind of ridiculous, and I share your concern.

Hopefully, when you call the witnesses, I will be able to attend and share that questioning with you, and I thank you for raising the issue.

Senator WEICKER. I thank my distinguished colleague, and let me assure you that either as a matter of understanding and compassion or as a matter of execution, were this a matter in the hands of the distinguished Senator from New Mexico and the distinguished Senator from Kansas, there would be no problem.

The problem would have been attended to, and, most importantly, I have never known the Senator from New Mexico or the Senator from Kansas to ever make statements that misled anybody. I have never known them to do anything but when they gave their word, keep their word, and it would make life a lot easier, I think, for all of us here in the Congress if such were the case with the administration.

Now I appreciate everything the Senator from New Mexico has done, and continues to do. I only wish that you were the only man I had to deal with. It would make life a lot easier for this chairman.

Senator DOMENICI. Thank you, Mr. Chairman.

Mr. Chairman, your hearings today are of vital importance, and I know that you have many witnesses, and I greatly appreciate your agreeing to have a very distinguished New Mexican appear and be our lead-off witness.

If I might, Mr. Chairman, could we ask Mary Beavis, the president of the New Mexico Science Teachers Association, to become our witness.

Mr. Chairman, I would like to briefly introduce our first witness today. She is Mary Beavis, the president of New Mexico Science Teachers Association.

I could say many things about her, but suffice it to say that I find her to be very enlightened, very knowledgeable, and very concerned about the issue of the inadequacy of math and science education in our public schools.

She has been a tremendous resource to me and to my staff in developing a legislative proposal to improve the quality of math and science education. I think her views on this critical need to provide funding for this purpose will be of great value to this subcommittee, as it has been to the authorizing committee which Senator Stafford chairs.

I thank you very much for inviting her and having her here, Mr. Chairman.

Senator WEICKER. Go right ahead.

STATEMENT OF MARY H. BEAVIS, PRESIDENT, NEW MEXICO SCIENCE TEACHERS ASSOCIATION

Ms. BEAVIS. Senator Weicker, Senator Domenici, thank you very much for the opportunity of testifying in regard to the absolute need for funding this year to begin to address the crisis in science and math education.

While my remarks to the subcommittee here will be limited to and reflect concerns from a personal viewpoint, I request that my longer and entire testimony be made a part of the permanent record of this hearing.

It is inconceivable to me that this administration—that supposedly is trying to attain economic strength and national security as its highest goals so that the future of the country as a whole can survive—is asking for a paltry $70 million to assist in the training and the development of its one major, most valuable, and possibly its only truly renewable resource, and that is the minds of its young people.

As a concerned educator, I am here today to request that this level of funding be increased. Somewhere along the line the priorities have been completely disarranged.

An awareness renaissance in science education has been occurring. It is exciting to be a part of it after seeing and experiencing the decline which slowly and insidiously took place as the Sputnik era gave way to the happenings of the 1970's.

I have been in the classroom for 16 years, 16 years of precollege science teaching in subjects such as chemistry, physics, and general physical science. During that time problems began to surface, problems that were similar across the entire country.

Being in the classroom, however, one can develop a tunnel vision outlook. You only see straight ahead, with no side vision as to what is happening out there.

I wasn't always a teacher. After graduating from high school I married, began raising a family of four, attended college rather sporadically, finally graduating with a bachelor of science degree in education 16 years later.

That was in 1966. There was a renaissance going on then, too, but it was losing its potency. It wasn't apparent to me that it was on the downswing then, but as I said, tunnel vision seems to be a part of classroom teaching.

I had been told once that there would always be jobs for physical science teachers. I believed it then, and I believe it now. This is a personal view of what happened in those years of high school teaching, what is happening now, and the direction that I feel we need to take during this new renaissance.

The first year of any teaching is always hard. Taking over in the middle of a semester, as I did, is doubly hard, but I love teaching. I love challenges, and I feel enormous pride in being a teacher.

I had been trained as a junior high school science teacher, had the certification to go along with that, and I was qualified for that position. Receiving a full year's contract that spring, I had all summer to prepare, and I did.

Three days before school started in August, my assignment was changed from five classes of general science to three of first year chemistry, one of second year chemistry, and one of physics. What had happened was that two teachers had resigned, one to go to work with NASA and the other to accept a position in Central America.

My teaching certificate said that I could teach chemistry and physics; I was certified; but I knew I was not totally qualified. Added to that though, was the knowledge that there were not many women physics teachers, we needed physics teachers, and that need and challenge had to be met.

That year was truly a wonderful one. But it pointed out the need for me to participate in further training, which at that time was available through different grants and funds. At the many professional meetings there were exchanges of information, NSF summer institute materials to be shared, involvement in choosing, and even writing textbooks, setting up models to use and evaluate—the excitement of being a science teacher.

Motivation was very high for us, and consequently motivation was high for our students. That is a truism that sometimes gets lost in the shuffle. If a teacher is a motivated teacher, there are motivated students in these classes. When that motivation is lost, the students lose, and it is always the students who suffer the most.

As a tenured teacher, student and prestudent teachers were placed in the classroom with me, and the interchange of new ideas, being able to guide them in the science of teaching, watching them develop as they worked with students was exhilarating.

And then there were no more student teachers for my chemistry and physics classes. And the drop in the actual class enrollment began. We fought to keep the classes going, even going to a contract basis.

We complained rather bitterly to universities that had supplied us with our students, and they said "We don't have any anymore."

Society was changing. The horrors of Vietnam influenced priorities and requirements at the university levels, and emphasis shifted regarding educational standards at the precollege levels from what Sputnik had spawned to reflecting the volatility of the Vietnam voice.

Years passed, and as I became department chairperson, I was called on to sit in on interviews of new hires, and began to see that most of the new blood were people like myself—women returning to the work force, transplanted residents to the area, retired service personnel. These people were and are experienced personnel with good academic backgrounds, but these sources of teachers are not sufficient to fill the enormous void that is developing.

And that one question needs to be answered: Who is going to take our places when we retire or if we move on to different challenges?

It isn't any different now than it was 16 years ago when I began teaching. It is only more acute. Teachers left the profession for other jobs, in other fields, in other States then; and the same thing is happening now. Only there are fewer of us to go around.

Working conditions in other fields were much better then, and they are certainly better now. Nonteaching demands were happening then; they happen now.

Substitute teachers have been sought out and placed in the classroom, and that source of potential science teacher is all but drained.

Attitudes of students changed. Instead of learning in a classroom so that potential jobs could be obtained, college degrees pursued, schools became a place to socialize first and learn second, and the public didn't make demands that it be different or changed.

Instead of learning a subject with science or learning about specifics, fears of lowering grade point averages, thinking that jobs didn't require one to know science, math, or technological terms, or what was even more appalling, being told that women students didn't need that kind of training became commonplace. I began to see it peripherally.

I am one of about 30 physical science teachers, part of 173 science teachers in a district of 10 high schools, which is 1 of 89 in the State of New Mexico. We are 1 state in 50—plus the District and the commonwealth, and territories.

I began to serve on various committees in science education, and I realized the same things were happening in other districts in the State. And finally, as I began to take part in national conventions, conferences, and seminars, I realized that the Nation was in the same mess. It was alarming, to say the least.

What can one person do? Get involved. And that is why I am here.

Our kids need the chance to continue to be first class rather than second class citizens, and they need the chance to help us continue to maintain world leadership roles.

I understand that the Congress is considering authorizing legislation to address the crisis in math and science education, and I ask for your support in that legislation in the Senate, and I ask that this subcommittee assure that adequate funding be provided for it.

Thank you.

[The statement follows:]

STATEMENT OF MARY H. BEAVIS

SENATOR WEICKER, SENATOR DOMENICI, MEMBERS OF THE SUBCOMMITTEE, THANK YOU FOR THE OPPORTUNITY OF TESTIFYING IN REGARD TO THE ABSOLUTE NEED FOR FUNDING THIS YEAR TO BEGIN TO ADDRESS THE CRISIS IN SCIENCE AND MATH EDUCATION. IT IS ABSOLUTELY ESSENTIAL THAT WE BEGIN TO:

1. PROVIDE STIMULATION OF SCIENCE AND MATHEMATICS OPPORTUNITIES IN ELEMENTARY AND SECONDARY SCHOOLS;
2. MEET THE EXISTING SHORTAGE OF INDIVIDUALS WHO ARE WILLING TO ENTER TEACHING CAREERS IN THE SUBJECTS OF MATHEMATICS AND SCIENCE, AND;
3. ALLEVIATE THE GROWING NUMBERS OF QUALIFIED MATHEMATICS AND SCIENCE TEACHERS WHO LEAVE THEIR PROFESSION TO PURSUE OTHER CAREERS.

THESE THREE ITEMS SPEAK TO TWO OF THE FIVE POINTS OF SUMMARY SO ELOQUENTLY STATED BY DR. ROBERT YAGER, PRESIDENT OF THE NATIONAL SCIENCE TEACHERS ASSOCIATION, IN HIS TESTIMONY TO THE SUBCOMMITTEE ON EDUCATION, ARTS AND HUMANITIES OF THE COMMITTEE ON LABOR AND HUMAN RESOURCES OF THE U.S. SENATE ON MARCH 8, 1983. THESE LISTED POINTS INCLUDE:

1. THE CRITICAL SHORTAGE OF SECONDARY SCHOOL SCIENCE AND MATH TEACHERS,
2. THE MANY ELEMENTARY TEACHERS WHO ARE ILL PREPARED, LACK RESOURCES AND WHOSE FOCUS ON THE "BASICS" HAVE TENDED TO IGNORE SCIENCE,
3. COURSE CONTENT WHICH IS OBSOLETE,
4. LIMITED SUPPLIES, OBSOLETE AND/OR INAPPROPRIATE EQUIPMENT, AND
5. HOW INSTRUCTION NEEDS TO BE ALTERED TO MEET THE NEEDS GENERATED BY NEW KNOWLEDGE ABOUT HOW PEOPLE LEARN SCIENCE AND MATH.

THE SHORTAGE OF MATH AND SCIENCE TEACHERS HAS BEEN WELL DOCUMENTED. THE 79% DECLINE IN MATH AND 64% DECLINE IN SCIENCE IN 1981 BECAME MORE ACUTE IN 1982; WHILE ON THE DEMAND SIDE, A SURVEY INDICATES THAT 2% MORE SCIENCE AND MATH TEACHERS WERE EMPLOYED AND MORE WILL BE NEEDED IN THE VERY NEAR FUTURE BECAUSE REQUIREMENTS IN MATH AND SCIENCE COURSES ARE, ON THE WHOLE, BEING

INCREASED. IN FACT, A ONE-COURSE INCREASE IN EITHER MATH OR SCIENCE MEANS THAT WE WILL NEED 40,000 MORE TEACHERS. THE QUESTION, OF COURSE, IS WHERE WILL THESE PEOPLE BE FOUND AND WHO IS CURRENTLY FILLING THESE POSITIONS? UNFORTUNATELY, IN THESE POSITIONS, UNQUALIFIED AND UNDERQUALIFIED PERSONNEL ARE BEING PLACED. IT HAS BEEN STATED THAT "30% OF ALL SCIENCE AND MATH TEACHERS GRADES 7-12 ARE UNQUALIFIED OR SEVERELY UNDERQUALIFIED TO TEACH THE SUBJECTS THEY HAVE BEEN ASSIGNED." THE PROBLEM IS FURTHER COMPOUNDED WHEN ELEMENTARY TEACHERS WELL TRAINED TO TEACH ELEMENTARY STUDENTS, ARE MOVED INTO MID OR JR. HIGH SCHOOLS TO TRY AND TEACH IN SUBJECT MATTER AREAS THEY ARE TOTALLY UNFAMILIAR WITH. YET ANOTHER ASPECT IS WHEN COURSES IN MATH AND SCIENCE ARE NOT EVEN OFFERED BECAUSE NO ONE CAN TEACH THE COURSES.

A LITTLE OVER HALF, 57%, OF NEWLY PREPARED SCIENCE AND MATH TEACHERS ACTUALLY ENTERED THOSE TEACHING FIELDS. AN ESTIMATED 10,000 SECONDARY SCHOOL SCIENCE AND MATH TEACHERS IN THE U.S. ARE COMPLETELY UNQUALIFIED HAVING HAD NONE OR AT MOST 1 OR 2 INTRODUCTORY COLLEGE COURSES IN THE AREA THEY'VE BEEN ASSIGNED TO TEACH. IF THESE TEACHERS ARE TO REMAIN IN THE CLASSROOM, THEY NEED INTENSIVE PROGRAMS OF EVENING AND SATURDAY COURSE WORK DURING THE SCHOOL YEAR PLUS FULL-TIME STUDY DURING THE SUMMER. BECAUSE OF THE SEQUENTIAL NATURE OF MATH AND SCIENCE COURSES, PROGRAMS ARE GOING TO HAVE TO BE DESIGNED FOR PERIODS OF 2-3 YEARS.

THE NEED TO UPGRADE UNDERQUALIFIED OR MARGINALLY QUALIFIED SCIENCE AND MATH TEACHERS IS EQUALLY AS GREAT. WE HAVE ALMOST 50,000 OF THESE PEOPLE AND WE (I PLACE MYSELF IN THIS CATEGORY) NEED SUMMER INSTITUTES, WORKSHOPS, SHORT COURSES AND/OR PART-TIME STUDY DURING THE ACADEMIC YEAR.

STATISTICS LIKE THESE ARE FOUND IN EVERY PUBLICATION THAT DEALS WITH EDUCATION AND MANY THAT DO NOT. IT ISN'T NECESSARY TO CONTINUE TO QUOTE THEM. WHAT IS IMPORTANT IS THIS; THE ULTIMATE LOSER IS ALWAYS THE STUDENT.

IT IS THE STUDENTS WHO WE, AS TEACHERS, ARE TRYING TO MOVE INTO THE TECHNOLOGICAL FUTURE. MOTIVATING STUDENTS IN ANY ACADEMIC AREA IS THE PRIMARY CONCERN OF ALL TEACHERS. BUT TO MOTIVATE STUDENTS, TEACHERS HAVE TO BE MOTIVATED TOO. AND THAT

IS HARD; HOWEVER, IF A TEACHER IS MOTIVATED TO TEACH, STUDENTS ARE MOTIVATED TO LEARN AND THAT IS THE BOTTOM LINE.

NSTA, IN ITS SEARCH FOR EXCELLENCE IN SCIENCE TEACHING, IS PUBLICIZING PROGRAMS AND INDIVIDUAL TEACHERS WHO TURN KIDS ON. SIX OF THESE PROGRAMS WERE RECENTLY RECOGNIZED AT THE NATIONAL MEETINGS IN DALLAS.

THESE TEACHERS WERE TRAINED IN NSF PROGRAMS WHICH SPEAKS MOST HIGHLY OF THOSE PROGRAMS. WHAT IS STARTLING, AND NOT JUST A LITTLE FRIGHTENING, IS THAT THE AVERAGE AGE OF THESE EXCELLENT TEACHERS IS 51, 10 YEARS OLDER THAN THE AVERAGE AGE OF SCIENCE TEACHERS FOUND IN SURVEYS CONDUCTED BY NSTA AND REPORTED IN TESTIMONY TO CONGRESS LAST YEAR.

GOOD TEACHING THOUGH IS TAKING PLACE ALL OVER THIS COUNTRY (WE REALLY DO HAVE MUCH TO BE PROUD OF) AND IT IS BEING RECOGNIZED.

RECOGNITION FOR TEACHERS WHO HAVE BEEN IN THE FIELD IS LONG OVERDUE. SEVERAL BILLS BEFORE THIS 98TH CONGRESS SPEAK TO THE NEED IN A MONETARY SENSE. THIS TYPE OF REWARD MIGHT BE THE ONE GIVEN FOR PROFESSIONAL EXCELLENCE THAT WILL SEE TO IT THAT A TEACHER WON'T HAVE TO MOONLIGHT TO PAY FOR A NEW ROOF, OR A DOWN PAYMENT ON A HOUSE, IT COULD BE USED AS TUITION TO GO BACK TO SCHOOL FOR RECERTIFICATION REQUIREMENTS. IT COULD MEAN BRACES FOR A CHILD'S TEETH, OR THE NEEDED EXTRA FINANCIAL SUPPORT OR SAVINGS TEACHERS NEVER SEEM TO BE ABLE TO BUILD UP.

SEVERAL OF THE STATES, LIKE KENTUCKY, HAVE ALREADY PUT FORGIVE-ABLE LOAN PROGRAMS IN, AND THESE STATES ARE TO BE COMMENDED FOR THEIR FORESIGHT IN TRYING TO EASE THE CRISIS SITUATION. UNFORTUNATELY ALL OF THE STATES HAVE NOT OR CANNOT PASS SIMILAR LEGISLATION AND, THEREFORE, WE NEED A NATIONAL FOCUS ON MERIT STUDENT SCHOLARSHIPS. THIS FOCUS ALSO BEGINS TO PLACE HIGH REGARD ON THE TEACHING PROFESSION. IT WILL HELP TO MAKE TEACHING A DESIRABLE, HONORABLE AND PRESTIGIOUS PROFESSION ONCE AGAIN. WHAT IT SAYS IS "WE NEED YOU, WE WANT QUALITY PEOPLE TO BE TEACHERS AND WE'RE WILLING TO SUPPORT YOU IN YOUR ATTEMPT TO BECOME A SCIENCE OR MATH TEACHER." BY SETTING HIGH STANDARDS AND NEEDED CRITERIA TO QUALIFY AND CONTINUE TO RECEIVE FUNDING, WE SHOULD BE ABLE TO ENTICE GOOD TO EXCELLENT STUDENTS INTO AND EVENTUALLY GRADUATE FROM THESE PROGRAMS. ONE CAN ONLY

WISH MORE AWARDS AND MONEY COULD BE MADE AVAILABLE SO THAT MORE TEACHERS COULD BE TRAINED SOONER TO MEET THE IMMEDIATE NEED AND DEMANDS.

THERE IS A NEED TO INCLUDE PERSONS FROM THE TEACHING RANKS TO SERVE ANY COMMITTEE OR COMMISSION THAT MIGHT BE FORMED TO UPGRADE WHAT IS BEING TAUGHT NOW. BY DOING THIS WE WILL BE ABLE TO TAP THAT LEADERSHIP AND EXPERTISE NEEDED FOR THE NATION TO BUILD AND TO CONCENTRATE ON MERITORIOUS PROGRAMS. BY STARTING TO INVOLVE THESE LOCAL EXPERTS AT THE STATE AND NATIONAL LEVELS, SCIENCE EDUCATION CAN ONLY BE STRENGTHENED. TEACHING HAS BASICALLY AN INTRINSIC REWARD SYSTEM BUT EXTRINSIC REWARDS SUCH AS RECOGNITION OF AREAS OF EXPERTISE, BEING INVOLVED IN DECISION MAKING AND EVALUATION OF PROGRAMS, WORKING WITH BUSINESS AND INDUSTRY, HAVING INPUT TO THE CURRENT NEEDS IN SCIENCE AND MATH EDUCATION, AND ADVISING THE VARIOUS MEMBERS OF GOVERNMENT AT ALL LEVELS, ENHANCES THE PERCEPTION OF THE TEACHING PROFESSION. IT GOES A LONG WAY TO INFLUENCE AND HELP IN A POSITIVE WAY IF A DECISION TO LEAVE OR STAY IN THE FIELD MIGHT NEED TO BE MADE. TEACHERS WILL STAY IN TEACHING IF AT ALL POSSIBLE. I WOULD HOPE THAT FUNDING WOULD BE AVAILABLE FOR THESE SAME PEOPLE SO THAT THEY COULD BE PART OF ANY NATIONAL CONFERENCES AS WELL. ONE-ON-ONE COMMUNICATION BETWEEN TEACHERS/EDUCATORS IS A MOST VALUABLE EXPERIENCE; WE NEVER SEEM TO HAVE ENOUGH TIME FOR THIS, AND WE NEED TO UNDERSTAND EACH OTHERS PROBLEMS AND SHARE IN SUCCESSES AS WELL.

THE IDEA OF USING THE BLOCK GRANT TO STATES TO IMPROVE THE QUALITY OF INSTRUCTION AND LEVELS OF ACHIEVEMENT IN MATH AND SCIENCE IN ELEMENTARY AND SECONDARY SCHOOLS IS SOUND. THE MECHANISM IS IN PLACE AND APPEARS TO BE WORKING QUITE SUCCESSFULLY IN THE SEVERAL STATES. THIS MECHANISM INVOLVES PRIVATE NON-PROFIT SCHOOLS AS WELL AS PUBLIC SCHOOLS AND IT INVOLVES THE COMMUNITY IN AN ADVISORY PARTNERSHIP. GOALS AND PRIORITIES OF A STATE COMMISSION IMPLEMENTED BY STATE AND LOCAL DEPARTMENTS OF EDUCATION INDICATE NEEDED COORDINATION OF EFFORTS. IT IS PARTICULARLY GRATIFYING TO SEE THAT THE NEED FOR LOAN OR GRANT PROGRAMS FOR EXPERIENCED TEACHERS TO IMPROVE SKILLS IS BEING ADDRESSED BY CURRENT PENDING LEGISLATION ALSO. THIS PROVISION IS VITAL FOR THOSE OF US WHO HAVEN'T TAKEN A CLASS IN OUR ACADEMIC

FIELD FOR MUCH TOO LONG! THE IDEA OF IN-SERVICE TRAINING INCLUDING TUITION PAYMENTS IS ALMOST TOO GOOD TO BE TRUE.

INSTITUTIONS OF HIGHER LEARNING HOWEVER SHOULD BE GUIDED BY THE NSF AND THE DEPARTMENT OF EDUCATION IN THE DEVELOPMENT AND IMPROVEMENT OF TEACHER EDUCATION PROGRAM AND CURRICULA UPGRADING. THE NSF WAS SUPERB IN THESE FIELDS BEFORE AND SHOULD BE CALLED UPON TO ONCE AGAIN DO THE SAME THING.

IT IS INCONCEIVABLE TO ME THAT THIS ADMINISTRATION--THAT SUPPOSEDLY IS TRYING TO ATTAIN ECONOMIC STRENGTH AND NATIONAL SECURITY AS ITS HIGHEST GOALS SO THAT THE FUTURE OF THE COUNTRY AS A WHOLE WILL SURVIVE--IS ASKING FOR A PALTRY $70 MILLION DOLLARS TO ASSIST IN THE TRAINING AND DEVELOPMENT OF ITS ONE, MAJOR, MOST VALUABLE, AND POSSIBLY ITS ONLY TRULY RENEWABLE RESOURCE, THE MINDS OF ITS YOUNG PEOPLE.

AS A CONCERNED EDUCATOR, I AM HERE TODAY TO REQUEST THAT THIS LEVEL OF FUNDING BE INCREASED. SOMEWHERE ALONG THE LINE THE PRIORITIES HAVE BEEN COMPLETELY DISARRANGED.

AN AWARENESS RENAISSANCE IN SCIENCE EDUCATION HAS BEEN OCCURRING. IT IS EXCITING TO BE A PART OF IT AFTER SEEING AND EXPERIENCING THE DECLINE WHICH SLOWLY AND INSIDIOUSLY TOOK PLACE AS THE SPUTNIK ERA GIVE WAY TO THE HAPPENINGS OF THE 70'S. I WAS IN THE CLASSROOM FOR 16 YEARS, 16 YEARS OF PRE-COLLEGE SCIENCE TEACHING IN SUBJECTS SUCH AS CHEMISTRY, PHYSICS AND GENERAL PHYSICAL SCIENCE. DURING THAT TIME PROBLEMS BEGAN TO SURFACE, PROBLEMS THAT WERE SIMILAR ACROSS THE ENTIRE COUNTRY.

BEING IN THE CLASSROOM HOWEVER ONE CAN DEVELOP A TUNNEL VISION OUTLOOK, YOU ONLY SEE STRAIGHT AHEAD, WITH NO SIDE VISION AS TO WHAT IS HAPPENING THERE.

I WASN'T ALWAYS A TEACHER. AFTER GRADUATING FROM HIGH SCHOOL I MARRIED, BEGAN RAISING A FAMILY OF FOUR AND ATTENDED COLLEGE SPORADICALLY, FINALLY GRADUATING WITH A BACHELOR OF SCIENCE DEGREE, 16 YEARS LATER. THAT WAS IN 1966. THERE WAS A RENAISSANCE GOING ON THEN TOO, BUT IT WAS LOSING ITS POTENCY. IT WASN'T APPARENT TO ME THAT IT WAS ON THE DOWN SWING THEN, BUT AS I SAID, TUNNEL VISION SEEMS TO BE PART OF CLASSROOM TEACHING.

I HAD BEEN TOLD THAT "THERE WOULD ALWAYS BE JOBS FOR PHYSICAL SCIENCE TEACHERS." I BELIEVED IT THEN AND I BELIEVE IT NOW. THIS

IS A PERSONAL VIEW OF WHAT HAPPENED IN THOSE YEARS OF HIGH SCHOOL TEACHING, WHAT IS HAPPENING NOW, AND WHAT DIRECTION I FEEL WE NEED TO TAKE DURING THIS NEW RENAISSANCE.

THE FIRST YEAR OF TEACHING IS ALWAYS HARD, TAKING OVER THE MIDDLE OF A SEMESTER (AS I DID) IS VERY HARD, BUT I LOVE TEACHING, CHALLENGES, AND FEEL ENORMOUS PRIDE IN BEING A TEACHER. I HAD BEEN TRAINED AS A JR. HIGH SCIENCE TEACHER, HAD THE CERTIFICATION TO GO ALONG WITH THAT AND WAS QUALIFIED FOR THE POSITION. RECEIVING A FULL YEAR'S CONTRACT THAT SPRING, I HAD ALL SUMMER TO PREPARE AND DID. THREE DAYS BEFORE SCHOOL STARTED MY ASSIGNMENT WAS CHANGED FROM 5 CLASSES OF GENERAL SCIENCE TO 3 OF 1ST YEAR CHEMISTRY, 1 OF 2ND YEAR CHEMISTRY AND 1 OF PHYSICS. WHAT HAD HAPPENED WAS THAT TWO TEACHERS HAD RESIGNED, ONE TO GO TO WORK WITH NASA AND THE OTHER TO ACCEPT A POSITION IN CENTRAL AMERICA. MY TEACHING CERTIFICATE SAID I COULD TEACH CHEMISTRY AND PHYSICS, I WAS CERTIFIED, I KNEW I WASN'T TOTALLY QUALIFIED. ADDED TO THAT THOUGH, WAS THE KNOWLEDGE THAT THERE WERE NOT MANY WOMEN PHYSICS TEACHERS, WE NEEDED PHYSICS TEACHERS, AND THAT NEED AND CHALLENGE HAD TO BE MET. THAT YEAR WAS TRULY A WONDERFUL ONE. BUT IT POINTED OUT THE NEED FOR ME TO PARTICIPATE IN FURTHER TRAINING WHICH AT THAT TIME WAS AVAILABLE THROUGH DIFFERENT GRANTS AND FUNDS.

AT THE MANY PROFESSIONAL MEETINGS THERE WERE EXCHANGES OF INFORMATION, NSF SUMMER INSTITUTE MATERIALS TO BE SHARED, INVOLVEMENT IN CHOOSING, AND EVEN WRITING TEXTBOOKS, SETTING UP MODELS TO USE AND EVALUATE; EXCITEMENT IN BEING A SCIENCE TEACHER.

MOTIVATION WAS HIGH FOR US AND CONSEQUENTLY MOTIVATION WAS HIGH FOR OUR STUDENTS. THAT IS THE TRUISM THAT SOMETIMES GETS LOST IN THE SHUFFLE. IF A TEACHER IS A MOTIVATED TEACHER, THERE ARE MOTIVATED STUDENTS IN THOSE CLASSES. WHEN THAT MOTIVATION IS LOST THE STUDENTS LOSE, TOO. IT IS ALWAYS THE STUDENTS WHO SUFFER THE MOST.

AS A TENURED TEACHER, STUDENT AND PRE-STUDENT TEACHERS WERE PLACED IN THE CLASSROOM WITH ME AND THE INTERCHANGE OF NEW IDEAS, BEING ABLE TO GUIDE THEM IN THE SCIENCE OF TEACHING, WATCHING THEM DEVELOP AS THEY WORKED WITH STUDENTS WAS EXHILERATING. THEN.... THERE WERE NO MORE STUDENT TEACHERS FOR MY CHEMISTRY AND PHYSICS CLASSES. AND THE DROP IN ACTUAL CLASS ENROLLMENT BEGAN. WE FOUGHT

TO KEEP AT LEAST ONE OF THESE (BEGINNING TO BE SEEN AS) UPPER LEVEL CLASSES GOING, EVEN ONE YEAR GOING ON THE CONTRACT BASIS, SO THAT WE COULD KEEP THE COURSES OPEN AND ALIVE. THERE WERE BIOLOGY STUDENT TEACHERS AND ADEQUATE NUMBERS OF CLASSES FOR THEM TO TEACH IN. WE COMPLAINED BITTERLY TO THE UNIVERSITIES THAT HAD SUPPLIED US WITH OUR STUDENT AND PRE-STUDENT TEACHERS, THINKING THAT WE, AS A SCHOOL, WERE SOMEHOW BEING DISCRIMINATED AGAINST. WE WERE TOLD "WE WOULD LIKE TO PLACE OUR SCIENCE STUDENT TEACHERS WITH ALL OF THE SCHOOLS, BUT WE DON'T HAVE MANY ANYMORE AND OUR POLICIES ARE TO PLACE THEM AT 1 OR 2 SCHOOLS IN ROTATION." THIS YEAR THERE ARE 2 SCIENCE STUDENT TEACHERS FROM BOTH OF THE UNIVERSITIES IN ALBUQUERQUE, ONE EACH IN EARTH SCIENCE AND IN BIOLOGY.

SOCIETY WAS CHANGING, TOO. THE HORRORS OF VIETNAM INFLUENCED PRIORITIES AND REQUIREMENTS AT THE UNIVERSITY LEVELS, AND EMPHASIS SHIFTED REGARDING EDUCATIONAL STANDARDS AT THE PRE-COLLEGE LEVELS FROM WHAT SPUTNIK HAD SPAWNED TO REFLECTING THE VOLOTILITY OF WHAT VIETNAM VOICED.

YEARS PASSED, I BECAME DEPARTMENT CHAIRPERSON, AND WAS CALLED ON TO SIT IN ON INTERVIEWS OF NEW HIRES, AND BEGAN TO SEE THAT MOST OF THE "NEW BLOOD" WERE PEOPLE LIKE MYSELF, WOMEN RETURNING TO THE WORK FORCE, TRANSPLANTED RESIDENTS TO THE AREA, THERE WERE (AND STILL ARE) RETIRED SERVICE PERSONNEL----OLDER THAN THE COLLEGE GRADUATES WE HAD BEEN HIRING. THESE PEOPLE WERE AND ARE EXPERIENCED PERSONNEL WITH GOOD SOLID ADADEMIC BACKGROUNDS AND THERE WAS, AND IS AT THIS TIME, EXCELLENT TEACHING GOING ON IN THEIR CLASSROOMS. TODAY THESE SAME TEACHERS ARE BEING SINGLED OUT BY NSTA AS EXEMPLARS IN SCIENCE TEACHING ACROSS THE COUNTRY. THEY ARE BEING RECOGNIZED AS THE LEADERS WE NEED TO LOOK UP TO ONCE AGAIN IN LEARNING HOW TO UPGRADE THE TYPE OF TEACHING AS WELL AS WHAT OUR STUDENTS ARE RECEIVING IN THE CLASSROOMS. THESE SOURCES OF TEACHERS ARE IMPORTANT ONES FOR FINDING SCIENCE TEACHERS, BUT THEY ARE NOT SUFFICIENT TO FILL THE ENORMOUS VOID THAT IS DEVELOPING.

THE ONE QUESTION REMAINS THAT NEEDS TO BE ANSWERED. WHO IS GOING TO TAKE OUR PLACES AS WE RETIRE; MOVE ON TO DIFFERENT CHALLENGES? IT IS NO DIFFERENT NOW THAN IT WAS 16 YEARS AGO WHEN I BEGAN TEACHING, IT IS ONLY MORE ACUTE. TEACHERS LEFT THE PROFESSION FOR OTHER JOBS, IN OTHER FIELDS, IN OTHER STATES THEN; THE SAME

THING IS HAPPENING NOW, ONLY THERE ARE FEWER TO GO AROUND. WORKING CONDITIONS IN OTHER FIELDS WERE MUCH BETTER THEN; THEY ARE CERTAINLY BETTER NOW. NON-TEACHING DEMANDS, SUCH AS "WOULD YOU COACH IF YOU HAVE TIME, AS WELL AS TEACH," WERE EXPECTED THEN BUT NOW THE QUESTION IS "WILL YOU COACH, AND TEACH ON THE SIDE." PRIORITIES CERTAINLY CHANGED. SUBSTITUTE TEACHERS, WHILE BETTER TRAINED NOW THAN THEN BECAUSE STANDARDS ARE HIGHER, HAVE BEEN SOUGHT OUT AND PLACED IN THE CLASSROOM, AND THAT SOURCE OF POTENTIAL SCIENCE TEACHERS IS ALL BUT DRAINED.

WE ALL KNOW THAT THE ATTITUDES OF STUDENTS UNDERWENT CHANGES. INSTEAD OF LEARNING IN THE CLASSROOM SO THAT POTENTIAL JOBS COULD BE OBTAINED, COLLEGE DEGREES PURSUED, ETC., SCHOOLS BECAME A PLACE TO SOCIALIZE FIRST AND LEARN SECOND. AND THE PUBLIC DIDN'T MAKE DEMANDS THAT IT BE DIFFERENT OR CHANGED. INSTEAD OF LEARNING A SUBJECT WITH SCIENCE OR LEARNING ABOUT SPECIFICS, FEARS OF LOWERING GRADEPOINT AVERAGES, THINKING THAT JOBS NEEDED DIDN'T REQUIRE ONE TO KNOW SCIENCE, MATH, OR TECHNOLOGICAL TERMS, OR WHAT WAS EVEN MORE APPALLING, BEING TOLD THAT WOMEN STUDENTS DIDN'T NEED THAT KIND OF TRAINING, THAT THEY WEREN'T ABLE TO HANDLE SUCH FIELDS BECAME COMMONPLACE. INSTEAD OF MOTIVATION, FRUSTRATION SET IN. I SLOWLY BEGAN TO SEE PERIPHERALLY. I AM ONE OF ABOUT 30 PHYSICAL SCIENCE TEACHERS, PART OF 173 SCIENCE TEACHERS IN THIS DISTRICT WHICH HAS 10 HIGH SCHOOLS WHICH IS ONE OF 89 IN THE STATE OF NEW MEXICO AND WE ARE 1 STATE IN 50 (PLUS THE DISTRICT, COMMONWEALTH AND TERRITORIES.) AS I BEGAN SERVING ON VARIOUS STATE COMMITTEES IN SCIENCE EDUCATION I REALIZED THE SAME THINGS WERE HAPPENING IN THE OTHER DISTRICTS IN THE STATE, AND FINALLY AS I BEGAN TO TAKE PART IN NATIONAL CONVENTIONS, CONFERENCES AND SEMINARS, I REALIZED THE NATION WAS IN THE SAME MESS. IT WAS ALARMING TO SAY THE LEAST. WHAT COULD ONE PERSON DO? GET INVOLVED, AND GET INVOLVED WE AS SCIENCE EDUCATORS HAVE BEGUN TO DO. THAT IS WHY I AM HERE.

OUR KIDS NEED THE CHANCE TO CONTINUE TO BE 1ST CLASS RATHER THAN RECOND CLASS CITIZENS; THE CHANCE TO HELP US CONTINUE TO MAINTAIN WORLD LEADERSHIP ROLES.

I UNDERSTAND THAT THE CONGESS IS CONSIDERING AUTHORIZING LEGISLATION TO ADDRESS THE CRISIS IN SCIENCE AND MATH EDUCATION. I ASK FOR YOUR SUPPORT OF THAT LEGISLATION IN THE SENATE AND I ASK THAT THIS SUBCOMMITTEE ASSURE THAT ADEQUATE FUNDING BE PROVIDED FOR IT.

Senator WEICKER. Thank you very, very much.

Senator Domenici.

Senator DOMENICI. Mary, why is the Federal Government necessary in this field?

Ms. BEAVIS. I think Federal involvement, Senator, is an absolute necessity for these reasons: I do not feel that the crisis in math and science education can be resolved by any request that would be happening here. Before that happens, all three levels of government have to become involved in roles of leadership and in assistance.

The responsibilities are very different. At the local level the school board hires, pays teachers, buys supplies, equipment, sets policy, curricula needs. The State provides funding, and it is responsible through its universities in preparing teachers. It sets the educational standards for the State.

The Federal Government should provide supplemental programs that can encourage innovation in teacher training, in teacher retraining, particularly in areas that relate to our economic strength and our national security. These are two areas relating directly to the quality of science education that our students receive.

One goal of Federal aid has always been to make education accessible to all students. It has always been concerned about fiscal equity. It has enhanced some inservice training that hasn't happened before. It has made the LEA's conscious of needs assessment, and it has resulted in much more community involvement.

But one area can't be singled out as a panacea; there aren't any quick fixes. Science teachers, educators, scientists, industries, businesses, the public as well as all three levels simply have to work together. Only then will the problem begin to be solved.

Senator DOMENICI. If $70 million is an inadequate amount, as you have indicated in your prepared remarks, could you share with us your ideas as to what level of funding might be appropriate?

Ms. BEAVIS. Well, we are talking about 50 States plus the District, the commonwealth, and the territories, and $70 million just is not going to begin to address the needs that have already been stated.

I would think that a funding level for math and science education initiatives of at least $400 to $500 million would make sense. This would include, I presume, the Department of Education programs of assistance to the various State departments of education, as well as NSF scholarship programs.

I personally feel it should be higher, but I am certainly very, very much aware, and from a very pragmatic sense, of budget problems and needs in other areas of the fields of education.

I think I also realize that the subcommittee here does not have jurisdiction over NSF funding, but I would strongly urge the committee to fund very equitably and very adequately a program of assistance to the States and then hope that the members of the subcommittee would consider NSF funding at the full committee level.

Senator DOMENICI. Thank you very much. Thank you, Mr. Chairman.

Senator WEICKER. Thank you very much.

I would point out that—I know that Senator Domenici has been very active on the floor vis-a-vis additional funding for math and science programs beyond, I believe, that requested by the administration. So I think he is on record on the matter.

But let me also add my comments as follows. I spoke before the National Education Association about 1 week ago, and they have certainly been active again in supporting the additional funding for math and science, but to me quality education is something that should be right across the board.

I have heard a lot of chirping coming from a lot of people willing to criticize our public education system, both within the administration and without, and in the recent reports that indicate that we are failing somewhat. But there was a little item in most of the reports that I saw that called for almost double the funding of what the Federal Government was contributing. I didn't hear anybody standing up and cheering for that, and I don't know how you do get good education on the cheap.

Ms. BEAVIS. I don't think you can.

Senator WEICKER. It is expensive, and yet it brings back 10 times whatever we invest into it. So it is not expensive in that sense, and I would hope that I would be joined by many of my colleagues on the floor in the coming weeks and months ahead, for substantially larger requests for education—not just math and science, but right across the board—in the hopes that we can have the finest system in the world.

Certainly, no nation has done more in the past 40 years than this insofar as an overall public education program is concerned. There is no reason to put on a hair shirt. It has been an enormous success. Now it has got a few failings. Fine, let's get in there and make it better.

But it isn't going to be done with a lot of hot air. It is going to be done with money, pure and simple. I am talking about the Congress and the Presidency.

Thank you very much.

Senator DOMENICI. Mr. Chairman, her full statement would be made a part of the record, is that not correct?

Senator WEICKER. That is absolutely correct, as will the full statements of all subsequent witnesses.

Senator, do you have anybody else that you care to introduce before the committee at this hearing?

Senator DOMENICI. No, I don't, Mr. Chairman.

STATEMENT OF DORIS CALDWELL, NATIONAL CAPTIONING INSTITUTE

Senator WEICKER. Our next witness will be Doris Caldwell of the National Captioning Institute.

Ms. CALDWELL. Mr. Chairman, Senator, thank you for this opportunity to talk about the appropriations for media services and captioned films.

The National Captioning Institute, NCI, is the nonprofit, tax-exempt, and single-purpose corporation which provides and promotes the new closed-captioned television service for hearing-handicapped Americans.

Closed captions, you know, are invisible on the TV screen unless triggered by a special decoding device, and this is an adaptor model which very easily attaches to any TV set, and then the viewers can read on the TV screen what they cannot hear.

NCI has submitted written testimony for the record about this matter, and I simply want to point out a few highlights today.

Television, the major mass communications medium in this country, has always been a silent or muted, largely meaningless screen to people with severe hearing loss. Suddenly, because of closed captions, television has become a powerful tool in social and educational mainstreaming for these people.

NCI has tons of letters on file from deaf children, their parents, their teachers, and adults all the way through the elderly, among whom hearing loss is very common, as you know, and a few quotes from those letters appear in the written testimony.

Closed captioning was developed specifically for hearing-handicapped people, because that is by far the largest handicapped population in this country, but is now reaching out to other learning disabilities as well.

For example, retarded children in a Florida study learned to speak with use of captions. Normal hearing children in the Fairfax County, Va., public schools who were slow readers markedly improved their reading and comprehension skills when captions were used.

Harvard University is experimenting with captions, in English language captions, for their students who are nonnative speakers of English. So closed-captioned television originally invented, if you will, for hearing-handicapped people is reaching out to other learning disabilities, and we are positive that with more funding, from both Federal and private sources, we can reach out to help more and more handicapped people help themselves.

There is one thing very important for the Congress to understand. Closed-caption television for handicapped people is not yet commercially attractive in the fiercely competitive marketplace of television, but with continued strong financial support from this Congress it can become commercially attractive and self-sustaining.

For fiscal year 1983 appropriations to media services and captioned films, the House subcommittee added $2.5 million specified for captioning additional TV programs. This additional sum was later compromised with the Senate to $480,000 in a total appropriation of $12 million.

For media and captioning in fiscal year 1984, NCI is again proposing an additional $2.5 million appropriation specifically earmarked to expand and entrench closed captioning service.

This $2.5 million would be spent for three closely interrelated purposes: 1 million to increase the volume and variety of closed-captioned programing. This is a schedule, and it looks very good when it is strung out like that—that is a schedule for scheduled programs today—but the truth is that less than 10 percent of television programing today is still accessible to the handicapped groups.

The second $1 million would be an incentive to decoder purchasers. They have personally invested over $21 million of their own income, but NCI research shows that only 14 percent of households who want and need closed-captioned TV are ever likely to get a decoder without help.

And finally, $500,000 for further technical development.

The FCC's March 31 rulemaking on Teletex preserved line 21 for closed captioning for at least 5 more years, and that was thanks, in large measure, to strong recommendations from many Members of this Congress. Your financial support is desperately needed to move closed captioning forward toward permanence and self-sufficiency in American television.

Thank you.

Senator WEICKER. Thank you very much, Doris.

Just a couple of things. First of all, how much does that cost, that unit there?

Ms. CALDWELL. At a special discount rate, NCI can buy it directly from the factory for $220, and the normal retail price is around $280.

Senator WEICKER. And how much does it cost for a production crew to caption a film?

Ms. CALDWELL. Base rate, $2,200 per program hour, which is, of course, a drop in the bucket in terms of several hundred thousand for production.

Senator WEICKER. I notice where ABC is the only one that captions their news. I gather that is the only program that is available on the closed captioning, is that correct?

Ms. CALDWELL. That is true, and that is through a contract with Media Services and Captioned Films. But ABC news had very many years appeared on PBS late night or early morning, if it is not preempted, with open captions. And so when NCI developed the capability for live and real-time for the first time in history hearing impaired people get the news at the same times we do.

Senator WEICKER. And insofar as children's programing, I notice the "Sesame Street" programs are closed-captioned.

Ms. CALDWELL. And "3-2-1 Contact."

Senator WEICKER. And "3-2-1 Contact" is also?

Ms. CALDWELL. Yes; and that is through contract with "Children's Television Workshop" directly and NCI.

Senator WEICKER. We are certainly seeing the need if there is an enormous potential out there——

Ms. CALDWELL. Absolutely.

Senator WEICKER [continuing]. For the community of children.

Ms. CALDWELL. We would like to give priority to more children's programing and also for the elderly. We started with 16 hours per week in March 1980. We are just now starting into our fourth year, and you will see there are about 40 hours a week.

But it is still, as I said——

Senator WEICKER. Well, why is everything either ABC or PBS—well, there are a couple of NBC's. There is no CBS. What is the problem there?

Ms. CALDWELL. CBS has not yet decided to join the service. They say—they have been saying that they are working on a better Teletex type system, but now with the FCC rulemaking that continues to reserve line 21, we think that CBS may change its mind, change its policy, and join in, because we do have a good success record and a remarkable response from the hearing impaired community.

Senator WEICKER. All right, thank you very much.

Ms. CALDWELL. Thank you, sir.

[The statement follows:]

STATEMENT OF DORIS CALDWELL

The National Captioning Institute (NCI) is the nonprofit, tax-exempt, and single-purpose corporation which provides the new and demonstrably effective mainstreaming service for hearing-handicapped people called "closed-captioned television." Closed captions, invisible unless triggered by a special decoding device, enable viewers to read on the TV screen what they cannot hear.

President Reagan recently stated: *"The recent initiation in March 1980 of closed-captioned television, which opened this important communications medium to millions of deaf and hearing-impaired Americans, is a significant achievement toward this end (to bring the handicapped of our Nation into the mainstream of society)."* The occasion for the President's remarks was his proclaiming last December as National Closed-Captioned Television Month, as voted in Joint Resolution by the Senate and the House (text attached).

NCI has captioning centers on both coasts in close proximity to major TV production houses and network broadcast origination centers. NCI's Board of Directors is composed of recognized leaders in business and television (list attached). Advisory boards from the Writers' Guild of America and the nation's hearing-impaired community actively monitor and promote NCI's output. Members of the professional and technical staff are highly qualified and firmly committed.

In March 1980, the national closed-captioned service made its debut with 16 hours of prime time programs on public and commercial networks. NCI recently entered its fourth year of progress toward entrenching the service as a permanent and self-supporting part of American television. Hearing-impaired viewers now have access to more than 40 hours of closed-captioned television programs each week on the networks, syndication, and cable. As a result of new captioning techniques developed by NCI, all forms of TV programs -- including "live" news and public affairs, movies and specials, children's programs, comedy series, special dramas -- and even home video movies are now being closed captioned. Today, almost 70,000 families have access to captioned television. They represent a personal financial investment of $21 million for the special decoding equipment despite typical low-income status.

This telecommunications breakthrough is the first of its kind anywhere in the world. Its broad scope and significant benefits are being hailed across the nation as having "this century's greatest impact"1/ on hearing-disabled citizens of all ages. An Emmy from the Academy of Television Arts and Sciences and special awards from the International Association

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1/ All quotes about closed captioning come from letters on file at NCI.

of Broadcasters and the American Speech-Language-Hearing Association are representative of further widespread acclaim being bestowed on the closed-captioning system. Every major organization serving this country's hearing-impaired population has officially endorsed NCI's singular service. The National Association of the Deaf has officially proclaimed "TV access" to be its most important advocacy issue beginning in 1983.

NCI was established by grants from the federal government on a decreasing scale which ended December 1982. Funds for closed captioning now come to NCI from fees paid by ABC-TV, public television, and program sponsors; from grants by private-sector contributors; and from contracts with the federal government, as part of the Congressionally mandated program of the Department of Education.

Two years ago, in FY1981, appropriations to the Department for media services in all areas of the handicapped amounted to $17 million. For FY83, the House passed $14 million which then was compromised with the Senate at $12 million, including $1/2 million in funds earmarked to close caption additional TV programs for hearing-handicapped children and senior citizens. We propose that the appropriation for FY84 be $14 million for the media and captioning program -- with the increase above the Administration's budget specified for expansion and entrenchment of the national closed-captioned television mainstreaming service for citizens handicapped by severe hearing loss or other learning disabilities.

The reason for this recommendation is that a critical financial barrier presently hampers NCI's progress toward the ultimate goal of permanence and self-sufficiency. Revenues from national broadcasters, advertisers, and program sponsors for captioning services are not yet sufficient to make NCI financially self-supporting.2/ Closed-captioned television will not be a commercially attractive expenditure until its viewership grows substantially. On the other hand, closed-captioned programming must be greatly increased in both amount and variety in order to increase public awareness and reach a commercially attractive number of consumers. This crucial "chicken-and-egg" dilemma must be overcome as rapidly as possible. In the words of one corporate investor in closed captioning: *"We're spending $10 to keep disabled persons dependent for every $1 we spend on helping them become self-*

2/ In 1982, NCI's captioning revenue amounted to $4.2 million compared to $3.1 million the previous year with total operating expenses or about $4 million in 1981 and $4.6 million in 1982.

sufficient. That's a terrible waste."[3] Access to television's abundance of information and language through closed captions helps hearing-handicapped citizens help themselves in the struggle to move in society's mainstream.

Exemplary of the dramatic upsurge of hope is this quote from the father of a deaf child in Texas:

o *"Our 8-year-old son misses out on so much that the hearing world takes for granted. He will never hear the sound of a symphony, or a sigh of contentment, or the bark of a dog, but now at least he can 'hear' events on television."*

And from a hearing-impaired youngster in South Dakota:

o *"My captioning adapter is really neat. . . . It will probably turn me into a speed reader and also increase my vocabulary."*

And from an educator of the hearing impaired in Connecticut:

o *"The children are getting entertainment and learning words and phrases, too. It's like making castor oil taste good."*

And from a senior citizen in Illinois:

o *"I have only been deaf 6 years after a stroke. My caption decoder is the most expensive thing I have bought except my hearing aid, but it's what I love the most."*

And from a hearing social worker in Florida:

o *"In my contacts with the deaf and hard-of-hearing community, I can detect more awareness of the world around them and the events that are happening in this 'outside world' since closed captioning began. . . . For each letter you receive, know that there are thousands more out there . . . who say a heartfelt 'thank you' in their silent, but beautiful way."*

And from a non-hearing college student in California who expresses the basic theme of all:

o *"I am grateful for the American way of life - the "can do" that surmounts all obstacles and makes possible . . . reading captions on television so that a deaf individual may take pride in the fact that he is learning and enjoying as much as his hearing friends."*

In comparison to "talking books" for the blind, closed-captioned television and videocassettes could be termed "hearing books" for the deaf and severely hard of hearing -- a much larger handicapped population across this nation.

3/ David T. Kearns, President and Chief Executive Officer, Xerox Corporation, in an address at Gallaudet College September 15, 1981. The Xerox Foundation funds the captioning of all Presidential televised addresses and press conferences.

The total $2.5 million for closed captioning which we propose for FY84 would, in our recommendation, be used for three interrelated purposes as follows:

1. Increase the amount and variety of closed-captioned programming. National surveys among hearing-handicapped persons of all ages consistently reveal their desire for access to the same types of TV programs preferred by their hearing friends. All are being increasingly supplied by national broadcasters, corporate underwriters, and federal government contracts. Nevertheless, deaf and hard-of-hearing television viewers remain woefully deprived in comparison to the general population -- having access to less than 10 percent of television programming. It would be NCI's intent again in FY84 to place high priority on serving children and the elderly through more closed-captioned programs. An allocation of $1 million would pay for at least 500 hours of new television programming.

2. Finance further technical development. The FCC's March 31 Rulemaking on teletext development preserved line 21 for the transmission of closed captions, thus assuring continued viability of the present service. It is nevertheless mandatory that the basic Line 21 technology be kept in step to ensure compatibility with emerging teletext/videotext technologies for television and cassette/disc for home video markets. Estimated funding needed for these purposes in FY84 would be $500,000.

3. Increase penetration of the consumer market for closed-captioned television. This expense falls on three large groups who can least afford it: hearing-impaired heads of households who are typically underemployed, hearing parents of families containing only one deaf child, and the elderly on fixed incomes. NCI's Research Department estimates that over 3,600,000 households across this nation could benefit from closed captioning, yet only 500,000 (14 percent) are likely ever to get a decoder at present prices (table attached). NCI has experimented in two metropolitan areas with a plan whereby purchase prices were sharply reduced by subsidies from private funders. Decoder sales markedly increased. A similar facilitation program on a nationwide scale through direct-buy from NCI at half the retail price could place decoders in at least 10,000 additional homes in FY84 with $1 million incentive provided by the federal government.

As stated earlier, the three facets of this overall plan are intrinsically interrelated and cannot be separated. The only way that NCI's national closed-captioning service for hearing-handicapped citizens can achieve permanence and self-sufficiency in American television is through this three-pronged approach.

Impaired hearing is the largest single physical disability in America. It is an invisible but debilitating handicap which can educationally cripple children, restrict adult lives, and hold the elderly hostage.

In this International Year for Communications and International Decade for Disabled Persons, the 98th Congress can surely leave no better legacy than that of having provided the necessary funds to nurture the closed-captioned television service during its "adolescent" years to ensure that it reaches maturity without deformities or need for permanent federal support. We respectfully submit to you that the appropriation of $2.5 million in FY84 to the Department of Education specifically to accomplish the overall plan outlined herein can give significant impact to NCI's progress toward the ultimate goal.

Thank you very much for the opportunity to present this testimony to this Subcommittee.

NCI BOARD OF DIRECTORS

The National Captioning Institute is governed by a Board of Directors representing varied fields of expertise including television operations and management, advertising and marketing, program production, financing and retailing.

John E.D. Ball	President and Chief Executive Officer, NCI
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*Executive Committee

Established Advisory Boards whose members represent the nation's hearing-handicapped community, its professional leaders, and television/motion picture writers assist NCI's Board of Directors through appropriate activities and recommendations.

Federal Register
Vol. 48, No. 1
Monday, January 3, 1983

Presidential Documents

Title 3—

The President

Proclamation 5008 of December 29, 1982

National Closed-Captioned Television Month

By the President of the United States of America

A Proclamation

Nothing is more important to the welfare and progress of the United States than the assurance that all its people are afforded equality of opportunities. Our Nation's commitment to open new doors of opportunity for people in all walks of life has guided the growth of our Nation and stands as a measure of its greatness.

The realization of our high hopes for a better America can be gauged by our ability to bring the handicapped of our Nation into the mainstream of society. The recent initiation in March 1980 of closed-captioned television, which opened this important communications medium to millions of deaf and hearing-impaired Americans, is a significant achievement toward this end. The development of closed-captioned television marks the culmination of many years of cooperative effort by government, private industry and nonprofit groups. It is breaking down historic communications barriers and opening new social, educational and vocational opportunities for the hearing-impaired.

In recognition of the invaluable service performed by closed-captioned television, and in order to call public attention to the contribution that it is making toward enriching the lives of millions of Americans, the Congress has, by joint resolution, requested that the President designate the month of December 1982 as "National Closed-Captioned Television Month."

NOW, THEREFORE, I, RONALD REAGAN, President of the United States of America, do hereby designate the month of December 1982 as National Closed-Captioned Television Month.

IN WITNESS WHEREOF, I have hereunto set my hand this twenty-ninth day of December, in the year of our Lord nineteen hundred and eighty-two, and of the Independence of the United States of America the two hundred and seventh.

Ronald Reagan

[FR Doc. 82-35598
Filed 12-30-82; 10:19 am]
Billing code 3195-01-M

JOINT RESOLUTION*

To authorize and request the President to designate the month of December 1982 as "National Closed-Captioned Television Month."

Whereas the Congress has officially proclaimed 1982 as the National Year of Disabled Persons;

Whereas hearing-handicapped Americans of all ages traditionally have suffered isolation from society and too often have unwillingly ended up as burdens to society rather than participating citizens;

Whereas the recent telecommunications breakthrough of "closed captioning" now enables these people to read on the television screen what they cannot hear and thus share -- for the first time in history -- that wealth of information, entertainment, and language so abundantly absorbed by the general public;

Whereas the innovative service, provided through the nonprofit and tax-exempt National Captioning Institute (NCI), represents the culmination of almost ten years of technological research and development, market exploration, and cooperation between government, industry, and community;

Whereas the nationwide service which began in March 1980 on ABC, NBC, and PBS is already proving to open up new educational horizons and new avenues toward equal opportunity for this severely disadvantaged population, particularly its children and youth;

Whereas hearing-impaired citizens have personally invested over $17,000,000 to date for purchase of decoding devices;

Whereas many members of the Congress have long been actively supporting development, implementation, and expansion of the closed-captioned television service which is the first of its kind anywhere in the world; and

Whereas President Reagan, referring to the closed captioning of his inaugural ceremonies and televised addresses to the Nation, has stated: "I feel very honored to be the first President in history to have spoken directly to people who had never before experienced this historic tradition.": Now, therefore be it

Resolved by the Senate and House of Representatives of the United States of America in Congress assembled, That the President of the United States is authorized and requested to issue a proclamation designating the month of December, 1982, as "National Closed-Captioned Television Month" in recognition of this invaluable new service for deaf and hard-of-hearing American citizens, and calling on the people of the United States to observe the month with appropriate programs, ceremonies, and activities.

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* S.J.RES. 258
H.R.RES. 618
97th Congress, 2nd Session

POTENTIAL MARKET FOR CLOSED-CAPTIONED TELEVISION[1]

APRIL, 1983

	POPULATION	H.I. PEOPLE WHO COULD BENEFIT FROM CAPTIONS	H.I. PEOPLE LIKELY TO EVENTUALLY GET A DECODER WITH PRESENT PRICES AND PROGRAMS	H.I. PERSONS PER HOUSEHOLD	HOUSEHOLDS WHICH COULD BENEFIT FROM CAPTIONS	HOUSEHOLDS LIKELY TO EVENTUALLY GET A DECODER WITH PRESENT PRICES AND PROGRAMMING	ESTIMATED CURRENT DECODER DISTRIBUTION		
							Households	H.I. Viewers	Total Viewer
PREVOCATIONALLY DEAF	459,000	413,000(90%)	344,000(75%)	2.2	188,000	156,000	55,000	138,000	220,000
POSTVOCATIONALLY DEAF	1,518,000	1,366,000(90%)	152,000(10%)	1.2	1,138,000	127,000	5,000	12,000	20,000
SIGNIFICANT LOSS IN BOTH EARS	7,352,000	2,941,000(40%)	294,000 (4%)	1.3	2,262,000	226,000	5,000	12,000	20,000
MINOR LOSS	5,624,000	25,000 (½%)	-----------	1.1	23,000	-------	-----	------	-----
TOTAL	14,953,000	4,745,000	790,000		3,611,000	509,000	65,000	162,000	260,000
APPROXIMATE TELEVISION RATING POINTS					4.5	.6	.1		

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[1] Estimates based on hearing-impaired population figures from the Office of Demographic Studies at Gallaudet College (1983) and on audience surveys conducted by NCI's Research Department (1980-83).

STATEMENT OF MARJORIE DE BLAAY, CHAIR, NATIONAL AFFAIRS COMMITTEE, NATIONAL SOCIETY FOR CHILDREN AND ADULTS WITH AUTISM

Senator WEICKER. Ms. Marjorie DeBlaay, chairman of the National Affairs Committee, National Society for Children and Adults with Autism.

Marjorie, you may proceed.

Ms. DEBLAAY. Thank you. My purpose here this morning is twofold.

As with most people who come before this committee, I intend to be asking you to spend money in ways that we feel would be appropriate.

A little more important thing I wish to do this morning, I think, though, is to let you know some of the things that happen as a result of the actions you take and the kinds of things you fund.

First, I want to say that good things are happening out at NINCDS, thanks to the section on autism and behavioral disorders that was created there last year. They are going to be holding a workshop this fall on developing research definitions for autism.

Autism has long been thought to be a subgroup of related disorders with various causes and effect, and this workshop is going to be a first step in getting a real research program underway.

We also know that there are a number of grants before the National Review Committee there that are specifically related to autism. While we don't know any of the specifics about the grants, we have been told that they have received excellent reviews to date.

Because we are concerned that funds be available if these projects are approved, we are concerned that NINCDS be funded at $311.98 million in fiscal year 1984. Although the President's budget is a 1.8-percent increase over the current fiscal year funding, NINCDS is being asked to increase the number of grants awarded in 1984. Thus, there would have to be a reduction in funding for each grant, and over the past 3 years they have reduced their grants by 6.2 percent.

The past interest and support of this committee has created a focal point for the research we need at NINCDS. We need your continued support now that we are about to get a research program underway.

We also want to tell you that good things are coming out of the administration for development disabilities. They are undertaking a survey of their university-affiliated facilities to determine their capacity to develop a program to train physicians to properly diagnose and treat or refer autistic individuals. Getting the proper diagnosis and then appropriate treatment has always been a problem for those with autism.

The issue of vocational rehabilitation is probably emerging as that of greatest concern to those we represent. Many adults with autism never received appropriate services as children because of our emerging understanding of what autism really is.

The Rehabilitation Services Administration has just moved to have autism listed as a specific category in the Federal vocational rehabilitation coding system, but because we are just beginning to build an awareness of autism in the field of rehabilitation, we are concerned that the administration has proposed freezing vocational rehabilitation State grants at the fiscal year 1983 level. We are requesting instead that you appropriate $1,037,800,000 in fiscal year 1984 for the program.

In the field of vocational rehabilitation we are also especially concerned with the National Institute of Handicapped Research. They have been very responsive to this committee's recommendation of last year to develop a strategy for training State rehabilitation personnel to work with those disabled by autism. We, therefore, ask that you fund it at $35 million.

Let me turn now to what is probably my major concern as a parent of a young child with autism and what I think is the one area where we are most effective right now in working with autistic children, and that is with appropriate educational services.

Unfortunately, appropriate programs exist in too few States. Thanks to the grant NSAC has received from the Department of Education, we have done personnel training in the last year in Colorado, Massachusetts, Louisiana, Arkansas, New Hampshire, and Maine, and this year we are able with the money we had to go into Kentucky and South Carolina.

Appropriate programs, though, are needed in so many other States. I know how important those are because of my own son.

I made what was probably the most difficult decision of my life in January of this year. My son had made tremendous progress in an appropriate program, so much so that he no longer fit into that program. The only option was to fight with the school system to develop an appropriate program or move him to a private, very costly, not necessarily necessary residential program. He is now there making tremendous progress again.

But the kinds of decisions I had to face are not ones that we as parents of autistic children should continuously have to make if we can service providers to recognize and appropriately treat our autistic family members.

Thank you.

Senator WEICKER. Well, I must just ask a question on that last point. What line item of funding would assist in resolving this problem, as you refer to it?

Ms. DEBLAAY. The personnel development. The administration has it at, I believe, $36.3 million, and we would like to see it at $55.5 million.

Senator WEICKER. This is, in other words, for the training of teachers?

Ms. DEBLAAY. Yes.

Senator WEICKER. And this $33 million—this doesn't apply just to autistic teachers?

Ms. DEBLAAY. No; but it is a part of money from which such training programs come.

Senator WEICKER. You feel that that amount should be $50 million?

Ms. DEBLAAY. $55.5 million.

Senator WEICKER. Is that the authorized level, do you know? Where do you get your figure from? That is all I am trying to find out.

Ms. DEBLAAY. Unfortunately, from my staff people, who do——

Senator WEICKER. That is all right. No problem. I just was wondering if this related either to the supplemental or whether it referred to the authorized level, but that is something that we would go ahead and check up on.

The subcommittee which I chair, the authorizing subcommitee, authorized yesterday $58 million for this particular program.

Ms. DEBLAAY. Terrific.

Senator WEICKER. Now we have to deal with the Appropriations Committee. [Laughter.]

Thank you very much. I very much admire you, I might add, both on your articulation of the problem for everyone and I am sure it takes a great deal of time and a great deal of love on your part.

Thank you.

I am sorry, I did not recognize my good friend Senator Rudman.

Senator RUDMAN. I am duly recognized.

[The statement follows:]

STATEMENT OF MARJORIE DEBLAAY

Good morning. I am Marjorie DeBlaay, Chair of the National Affairs Committee of the National Society for Children and Adults with Autism (NSAC).

My purpose here this morning is twofold, First, as is usually the case when people appear before this committee, I intend to ask for your support for programs that are critical to the 340,000 individuals with autism in this country. My second reason for appearing before this committee today is, however, in many ways more important to me, because I want to share with you the good things that are happening for people with autism, as a result of your concern and interest.

First, let me begin by telling you what is happening with the Section on Autism and Behavior Disorders created last year in the National Institute of Neurological and Communicative Disorders and Stroke (NINCDS), within the National Institutes of Health (NIH). This new section will hold a workshop on September 29-30, 1983, to develop a set of research definitions for autism. It has long been postulated that what we know as "AUTISM" is a group of related disorders with various causes and effects. The purpose of the workshop will be to try and define the subgroups of autism so that research results, instead of being subjected to discussions of whether the subject group were "truly" autistic individuals or not, will be studied for their merit and implications for treatment and further research. Development of these definitions is a necessary first step in advancing autism research.

In addition to the workshop, we are also excited to know that there are a number of grants specifically related to autism and currently before the National Advisory Council. While exact information on these projects is of course confidential, we have been told by NINCDS that all of the projects have received excellent reviews to date. Because we are concerned that funds be available for these projects if selected by the review committee, and because we are also concerned with the overall basic research funded by NINCDS, we are requesting that you provide $311.98 million for NINCDS in Fy 84. Although the President's proposal is a 1.8% increase over the current fiscal year's funding level, NINCDS is being asked to increase the number of grants awarded in FY 84. Thus, there would have to be a reduction in funding for each grant, and over the past three fiscal years, NINCDS has reduced its grant awards by 6.2%. Your past interest and support for research into autism has created a focal point for such research as NINCDS. Now that we have the focal point, we need your continued support to ensure that funds are available to carry out this very important research effort.

We would also ask that you fund the National Institute of Mental Health Research Program at the President's recommended level of $172.1 million. We are pleased that the Administration is increasing its request for this program over previous years. We have been particularly appreciative, for example, of the positron emission tomography research for autism research, and other related projects undertaken by this Institute. While research into the causes and the search for a cure for autism provides the ultimate hope for those we represent, services that ameliorate the effect of autism become our source of immediate hope.

We are also pleased to tell you today that as a result of your interest last year, and subsequent language in the Continuing Resolution, the University Affiliated Facilities Program (UAF) within the Developmental Disabilities Administration has undertaken a survey of UAFs to determine their capability to develop a program to train physicians to properly diagnose and treat, or refer, autistic individuals. Because appropriate services can only come when physicians' diagnoses are accurate, this is the first essential step in ensuring appropriate services. We are concerned, however, with their ability to help us in this undertaking since DD-UAFs have not received an increase in appropriations since 1975. With the impact of inflation, this means there have been defacto budget reductions, and we therefore request that you provide $7.875 million in FY 84 for this program.

The other portions of the Developmental Disabilities program are also important to us. Since it is one program that has so consistently assisted our chapters around the country in developing or or receiving appropriate services, we recommend the following funding:

DD State Grant Program	$45.339 million
DD Protection and Advocacy Agencies	8.40 million
DD Special Projects	2.50 million

The entire issue of vocational rehabilitation is one of the major interests to the members of our organization. Many adults with autism never received appropriate services as children, because of our emerging understanding of the condition. We have been working over the last few months with the Rehabilitation Services Administration to have autism listed as a specific category in the federal vocational rehabilitation coding system. This is the first step needed to have state vocational rehabilitation officials identify, and then hopefully serve clients with autism. Because we are just beginning to build an awareness of autism in the field of rehabilitation, we are concerned that the administration has proposed freezing Vocational Rehabilitation State Grants at they FY 83 level. We are requesting instead that you appropriate $1037.8 million in FY 84 for State-Federal Rehabilitation programs. This would restore the program to the 1979 spending level.

We are hopeful that improved vocational rehabilitation services will be the major result of our work with the National Institute of Handicapped Research (NIHR). NIHR has been very responsive to this committee's recommendation of last year to develop a strategy for training state rehabilitation personnel to work with those disabled by autism. The Administration, however, has proposed freezing the budget for this organization at $30.06 million, which is a 36% reduction from the initial 1979 appropriation. The Administration's proposed funding level limits the potential for successful vocational rehabilitation programs, therefore, we request that you fund this program at $35.0 million.

Let me now turn to the issue of special education services for autistic children. Our childrens' greatest hope for improvement currently comes when they are placed in appropriate educational programs. Unfortunately, too few such programs yet exist around the country. The development of such programs has been enhanced by the National Personnel Training grant NSAC has received from the Department of Education. With this grant, personnel from Colorado, Massachusetts, Louisiana, Arkansas, New Hampshire, and Maine received training last year in developing appropriate programs. The program was well received in all states. During the Conference of The Association for the Severely Handicapped, Dr. Patrick Cooper, Assistant Superintendent for Special Education in Louisiana, said that the training had "gone a long way toward meeting documented needs" in Louisiana, and that it had greatly assisted parents and professionals in meeting the educational requirements of youth with autism in his state. He called the training cost-effective, with significant long-range effects on the state's educational system. NSAC received requests for training from 23 states this year. Training was provided this past January in Kentucky and South Carolina, with representatives from Nebraska and Tennessee in attendance. Additional follow-up assistance will also be provided this year to Louisiana and Colorado. Because the need to train teachers in appropriate strategies for working with autistic children remains so great, we request that you provide $55.5 million for personnel development rather than the President's proposed $33.6 million.

Because the impact of the funding level of the State and Local Grant Program (PL 94-142) is tremendous, we ask that you appropriate $1.321 billion if the authorization level is increased and $1.017 billion, if not. Because so many children with autism are severely handicapped and require intense educational intervention, many of them are in state operated or supported programs, and therefore, we request that you appropriate $146.52 million for this program. For vocational education, we ask that you reject the Administration's proposal to consolidate vocational education and adult education programs, as well as the elimination of the 10% set aside.

I know, firsthand, the importance of education programs for autistic individuals, as I have fought for and won appropriate services for my son, Michael over the years, and watched him continuously progress. This is my third year in testifying before this committee and it is the first time Michael has not been at my side. He is not here today, because I faced an anguishing decisions earlier this year. Michael had made so much progress that he no longer fit in the classroom with other autistic children in his county school system. They tried putting him in a class for mentally retarded students last year, but were not willing to make any modifications in the program related to his autistic impairment. After a year in that placement, even they agreed it was not working. There were two choices: 1)work with the school system to develop an appropriate program, or 2) find a private school placement. As the single parent of two children, one of whom is autistic, I found I was already exhausted and the prospects of having to get the school system to provide the appropriate services seemed too overwhelming. I opted for the private residential placement in what I knew to be an excellent school rather than fight for an appropriate public school placement at the time. The good news is that Michael seems to love the school and is doing very well, and his sister and I are quite frankly, enjoying a respite from the everpresent overwhelming aspects of autism. I am telling you this, however, because I don't believe families with an individual with autism need to go through the continuous struggles we do, if we can finally get service providers to recognize individuals with autism and their needs. Throughout this testimony, the recurring theme has been "we're just beginning." We have so far to go yet. On a personal level, I struggle so that Michael will continue to progress--someday, I hope he can come back here with me and talk to you about himself and his needs. I continue to work with NSAC so that all of us who are parents of an autistically impaired individual will not have so many difficult choices to make.

Over the last year, the words of the poet Kahlil Gibran have often come to mind when thinking about my son. In talking of children he says:

> "They come through you but not from you,
> And though they are with you yet they belong not to
> you."

Normally, that is true, but it doesn't feel that way to me where Michael is concerned. If it is to be true for him also, if he is to grow, to become his own person, to be at least semi-independent, he and other individuals with autism will need your assitance. I ask you to consider this when you determine the funding levels for the programs before your committee.

Thank you.

STATEMENT OF GOLDIE TRBOYEVICH, THE CONVENTION OF AMERICAN INSTRUCTORS OF THE DEAF

Senator WEICKER. Goldie Trboyevich, the Convention of American Instructors of the Deaf.

Ms. TRBOYEVICH. Senator, members of the subcommittee, I am here on behalf of the Convention of American Instructors of the Deaf, and we appreciate this opportunity to share our concerns with you.

We wish to limit our comments to the programs authorized under part F of the EHA, especially the programs dealing with captioned films and television and educational media.

For some needed services, the deaf population represents a market which cannot be served effectively without subsidy.

To provide some perspective, deafness, especially if it occurs prior to the acquisition of speech and language, has a severe impact on the educational development of the young child. The problems of communication of the mildly hearing impaired and the severely hearing impaired are not the same.

Educational products and services, which are tailored to the needs of the severely handicapped, are not economically feasible for producers and distributors to market. There is a continuing need for centralized services and delivery in a number of areas of the education of the deaf, especially since the severely hearing impaired are increasingly being dispersed more thinly throughout the country.

The media services and captioned films program is one of those federally-supported programs that has effectively provided services to the deaf on a continuing basis. Since its inception this program has provided services to deaf persons which educators of the deaf also need and want.

It has developed two large collections of films. One is general interest films that are made available to over 7,000 groups of deaf people throughout the country. The other is a group of over 1,300 captioned educational films that are disbursed via 58 depositories in schools and programs for the deaf throughout the country.

They have provided media utilization training for teachers, workshops on creating innovative media, and sponsored regional programs which developed the media materials and gave technical assistance.

Among other projects, numerous projects, they did a survey of library media centers in schools for the deaf, and the findings shocked the administrators because the situation was so pathetic, and as a result, those media centers—because of this survey, those media centers have greatly improved.

However, media-related services currently available to the field of deafness represent a reduction in services due to budget cuts. There are some areas which are suffering, such as study of the newer technology which holds promise of being of benefit to the deaf. That is not being studied. Also, the grant funds for media application, innovative media application, have been eliminated.

The projected funding levels for both general interest films and the educational captioned films will not sustain the previous level of service nor accommodate predicted increases in postage costs and other inflationary cost factors.

We are especially concerned with the projected budget. We hope that your committee will see the importance to deaf persons and to the field of education of the deaf of attaining budget levels significantly higher than those proposed by the administration.

We believe that the proposed budget will be damaging to the educational and cultural future of deaf people. We urge the committee, therefore, to support an appropriation at least at the 1981 prerescission level.

Thank you.

Senator WEICKER. We thank you very much.

[The statement follows:]

STATEMENT OF GOLDIE TRBOYEVICH

Mr. Chairman, and members of the Subcommittee, the Convention of American Instructors of the Deaf is an individual membership organization representing approximately 3,000 teachers of the deaf and hearing impaired. The Convention was established in 1850 with a primary mission to promote the exchange of information related to the effective education of deaf students. The Convention (CAID) was incorporated by Act of Congress in 1898 as a nonprofit association in the District of Columbia. It operates almost exclusively on the basis of dues of its individual members. Since 1850 the CAID has been instrumental in publishing the journal, American Annals of the Deaf, which is said to be the oldest continuously published educational journal in the United States.

We sincerely appreciate this opportunity to share our concerns with you and the Subcommittee members. We wish to limit our comments at this point to the programs authorized under Part F of the EHA, especially the programs for the deaf which involve captioned films and television, and other educational media.

The deaf population represents, for some needed services, a market which cannot be served effectively without subsidy.

Mr. Chairman, we believe that to obtain a proper perspective on the service delivery needs of the deaf population, a few fundamental facts must be appreciated:

1) Deafness, especially if it occurs before the development of speech and language, has an extremely severe impact on the educational development of a young child.

2) The problem presented by deafness is not a lack of hearing per se, but the potentially severe implications for the development of language ability.

3) The problems of communication and educational development of moderately and mildly hearing-impaired students (of whom there are many) are not the same as the problems of severely hearing-impaired students.

4) There are substantial numbers of moderately and mildly hearing-impaired individuals but relatively few severely deaf students, and they are increasingly dispersed more thinly throughout the country.

5) Educational products and services which are tailored to the needs of severely hearing-impaired students tend not to be commercially viable for producer/distributors to market.

6) The numbers of severly hearing-impaired students in most school districts and even intermediate units, does not reach the size of population which would cost effectively support highly specialized support services in relation to curriculum development and media production of a sophisticated nature, or even highly specialized resource acquisition.

7) There is a continuing need for centralized services and service delivery in a number of areas of education of the deaf.

Mr. Chairman, the Media Services and Captioned Films for the Deaf program is one of those federally-supported programs which has effectively provided services which are needed on a continuing basis.

The Captioned Films program and related media services have demonstrated that they provide services that deaf persons and educators of the deaf need and want. The program has accomplished the following:

1) Developed a collection of more than 1,000 general interest titles of films which have been captioned (subtitled) to make them accessible to deaf persons. More than 100,000 film loans are made each year from a centralized distribution center to more than 7,000 groups of deaf persons. The number of registered groups has increased each year notwithstanding the introduction of broadcast captioned programming on television.

2) Developed a collection of more than 1,300 captioned educational films for classroom use with deaf students. More than 150,000 film loans are processed each year by and through 58 cooperating film depositories mostly located in schools/programs for the deaf. These facilities absorb the majority of the cost for circulation to registered accounts in their general area. In the aggregate these serve more than 3,000 accounts in schools and programs. In a recent year the number of accounts increased over 20 percent.

3) Line 21 closed-captioned TV technology has been developed largely due to federal program support and now supports a significant amount of captioned programming which is beginning to make broadcast television accessible to deaf persons through closed captioning.

The deaf community participates in the cost of captioned services

It is important to recognize that the deaf community, which benefits from the captioned film/television services, has made, and continues to make, a significant investment in order to use these services. The groups of deaf persons who organize groups to borrow and watch captioned films also purchase projectors and pay return postage costs in order to use the films. No charge can be made for admission to viewing a captioned film. Agencies which operate the 58 educational captioned film depositories absorb as much as 80 percent of the cost of circulation of the films. Deaf persons who wish to benefit from closed caption television must make an investment of more than $200 for a television adaptor.

The media related services currently available to the field of deafness represent a reduction in services.

In the late 1960s (in the Department of Education):

1) General interest captioned films were centrally selected, captioned, and distributed.

2) Educational captioned films were distributed through an effective decentralized system.

3) Film selection and captioning for educational captioned films were centrally provided.

4) Regional programs provided media utilization related training for teachers of the deaf.

5) Regional programs developed media and materials for the deaf.

6) Regional programs provided technical assistance to schools and and programs to facilitate the use of media with the deaf.

By the mid-1970s:

1) Regional programs for the deaf were replaced by generic regional centers which served state education agencies and local education agencies but lacked expertise related to deafness.

2) Media development and demonstration for the deaf was consolidated into a single project.

3) Information dissemination about media/materials for the deaf was centralized, integrated, and rendered nonresponsive.

4) Experimental programs with closed captioning were introduced with technical success.

5) Grant funded programs existed to stimulate innovative media applications with the handicapped.

6) General interest captioned films were centrally selected, captioned, and distributed.

7) Educational captioned films were distributed through an effective decentralized effective system.

By the early 1980s (in the Department of Education):

1) The residual information dissemination functions (about media for the deaf) sponsored by the SEP are slated for elimination (no 1984 contracts).

2) Centralized (from regional) media development and demonstration for the deaf is slated for elimination (no contracts in 1984).

3) Funding for captioned television is substantially reduced and will not adequately provide for the captioning of children's programming and daytime programming for adults.

4) Grant funds to stimulate innovative media applications are eliminated.

5) Newer technology which holds the promise to benefit the deaf and their education are not being explored to a significant extent.

6) General interest films are centrally selected and distributed, but projected funding levels for this activity will not sustain the previous level of service nor accommodate substantial predicted increases in postage costs and other inflationary factors.

7) Educational captioned films are centrally selected and circulated through a decentralized delivery system.

Recent trends in Part F expenditures are disproportionately reduced in the face of inflationary trends.

	FY 78	FY 79	FY 80	FY 81	FY 82
Captioned films/television (selection/captioning/ distribution)	8.5	8.5	8.3	7.0	5.7
Materials/media centers (part for the deaf)	2.5	2.5	2.5	1.0	.9
Marketing/awareness (part for the deaf)	4.0	4.0	4.0	4.3	3.8
Demonstration/development grants (small part for the deaf)	3.0	3.0	3.0	3.5	-
National Theatre of the Deaf	.5	.5	.6	.6	.5
Recordings for the Blind	.5	.5	.6	.6	.5
	19.0	19.0	19.0	17.0	11.5

(Note that rounding error is due to truncation of decimal places.)

Mr. Chairman, we are especially concerned that even a cursory analysis of the projected budget of the administration for discretionary funds under the EHA reveals systematic reduction of services to the deaf population. This apparent requirement to reduce funding is, perhaps more importantly, leading to programmatic and structural changes which are likely to mean that even if there were, in subsequent years, a recovery of resource levels, the Special Education Programs would not have the institutional stuctures in position to replace the lost services.

The CAID recommendations for Part F budget level and allocation.

We hope that your committee will see the importance to deaf persons and to the field of education of the deaf of attaining budget levels significantly higher than those proposed by the administration. While we are not in a good position to make and justify specific levels and allocations within the Part F area we suggest the following pattern of services and budget for consideration.

	CAID Recommendation
Captioning	10.6
Theatre for the deaf	.6
Recordings for the blind	.6
Media dissemination (centers/training)	1.7
Innovation/development grants	3.0
Marketing and public awareness	2.5
	19.0

Mr. Chairman, we believe the level and allocation of funding as suggested above would permit the accomplishment of several important purposes:

1) It could add limited funds to the distribution function which would permit an investment in continued technologically-based efforts to increase efficiency in film distribution.

2) It could permit expansion of television captioning efforts to allow added effort in captioning daytime and children's material that may

be less competitive, but nonetheless important, for those who want to view such material.

3) It could allow a maintenance of level of effort in building the collections of film material and could permit added acquisition of professional preparation media and parent education media; two areas of long-standing need which have not adequately been addressed by the program.

4) It could allow the retention of higher levels of effort in the Centers area through which the Special Education Programs could recognize the need for continued and improved efforts in media/materials development.

5) It could replace funds for support of innovative and development grants which present opportunities for funding the development of concepts and applications that reflect the creativity of the educator who deals daily with the challenges and opportunities of educating handicapped youth and adults.

Mr. Chairman, we appreciate the opportunity to share our views. We hope that the values of the programs for the handicapped, including the deaf, which have been developed with the support of the Congress are not lost in an effort to apply particular philosophies of governmental service delivery where they may not fit at all well. We strongly believe that the administration's budget request for Part F programs, as well as other discretionary program areas, will be damaging to the educational and cultural futures of deaf people.

We urge the committee, therefore, to support an appropriation at least at the FY 1980 appropriation level of $19 million.

STATEMENT OF DR. ROBERT DAVILA, BOARD MEMBER, CONFERENCE OF EDUCATIONAL ADMINISTRATORS SERVING THE DEAF

Senator WEICKER. The next witness is Dr. Robert Davila, board member of the Conference of Educational Administrators Serving the Deaf.

Dr. DAVILA. Mr. Chairman, members of the committee.

Mr. Stamone is president. On behalf of the Conference of Educational Administrators Serving the Deaf, an organization of schools and programs which provide educational services to deaf persons, we appreciate this opportunity to discuss our concerns regarding appropriations for programs authorized under chapter I, ECIA, 1981.

Our statement is limited to the programs related to services which benefit deaf students.

The budget level recommended by the administration would have the effect of reducing benefits to eligible students by an average of $170 under chapter I. According to our information, the amount would be greater than $170 for deaf students if the percentage reduction proposed were allocated to each student.

In a technically unrelated budget recommendation, the administration requests an increase of $28 million for added support of Public Law 94–142, an average increase of $6 for each student receiving services through that appropriation. The apparent effect, albeit unintentional, is to diminish services to one-fourth of our million students by $170 in order to provide an additional $6 to 4.5 million students.

Mr. Chairman, we urge you and your committee to support nothing less than the 1983 final funding level.

State-operated programs for deaf students are faced with a variety of population differences, which may warrant a disproportionate allocation of resources to State-operated programs. Some of these variables include:

One, an increasing population of multihandicapped students in center schools.

Two, the students' average age has rapidly increased due to shifts in population age distribution between State-operated and local agency programs.

The degree of disability of the students in State-operated programs may be relatively more severe than those students served in local programs.

And, four, to an increasing extent, the State-operated programs are becoming referral programs for students who cannot be adequately served by the local programs. These students are generally older, more severely handicapped and less successful.

We advocate seeking the necessary funding support for both Public Law 94–142 and chapter I, ECIA.

We would like to emphasize that under chapter I important services have been rendered to deaf students and their parents. In education of the deaf, chapter I, 89–313, funding has been an important source of change and improvement, and reductions to chapter I as proposed by the administration would have significant impact on the lives of deaf children and their parents.

This impact likely would actually take the form of reducing or eliminating, one, supplementary services for the multihandicapped; two, media support services; three, remedial/tutorial services; and, four, audiological/psychological services.

It is possible that multihandicapped students would be excluded from State programs.

To sum up, with the works of our State school officials, everyone would have to adjust to less individualization, slower pace, less achievement, less program development, and perhaps a lesser quality of life.

Mr. Chairman, we again thank you and your committee for this opportunity to communicate our concerns and our perception of the needs of many deaf students as they relate to chapter I, ECIA, 1981.

Thank you very much.

Senator WEICKER. As I understand, we are talking about a reduction here from 1983 of some $42 million, is that correct?

Dr. DAVILA. That is quite true.

Senator WEICKER. This comes out of State agency programs for the severely handicapped, is that correct?

Dr. DAVILA. Yes; that is quite——

Senator WEICKER. And what you are asking for is a level back to the 1983 funding?

Dr. DAVILA. We want to—yes, that is correct, sir.

Senator WEICKER. Senator Rudman.

Senator RUDMAN. Thank you, Mr. Chairman. I have no questions.

Senator WEICKER. Thank you very much, Doctor.

Dr. DAVILA. Thank you.

[The statement follows:]

STATEMENT OF DR. ROBERT DAVILA

The Conference of Educational Administrators Serving the Deaf (CEASD) is an organization of schools and programs which provide educational services to deaf persons. Among its member organizations are a number of state operated schools/programs that are recipients of Chapter I (Education Consolidation and Improvement Act, 1981) funds. The CEASD has been active since 1869 in assisting the field of education of the deaf to identify and provide quality educational service. The Conference is active in developing and administering standards for services related to education of the deaf. We appreciate this opportunity to discuss our concerns regarding appropriations for programs authorized under Chapter I. Our statement is restricted to the program as it relates to services which benefit deaf students.

The budget level recommended by the Administration would provide for a substantial reduction in overall funding level under the Chapter I program. On the average, for all student beneficiaries of Chapter I funding, there would apparently be an average reduction of $171.00. Our information indicates that, if the percentage reduction proposed were allocated to each student, the average loss in service dollars would be significantly greater than $171.00 for deaf students.

In a technically unrelated budget recommendation, the Administration requests an increase of $28,000,000 for added support of P.L. 94-142. If there are 4.5 million handicapped students who receive services through that appropriation, this increase represents a little more than $6.00 on the average. This presents an aggregate picture then of diminishing services for perhaps 250,000 students by $171.00 or more in order to provide an additional $6.00 to each of

4.5 million. While we are not suggesting that such an exchange was the intent of the budget proposal, it is an apparent effect.

Mr. Chairman, we urge you and your committee to support nothing less than the 1983 final funding level.

The Administration has used, in part, an equity argument for reducing funds to the Chapter I program; an argument that funding should be more like the level of funding under P.L. 94-142. Our belief is that the original intent of the P.L. 89-313 authorization, which is antecedent to the Chapter I authorization, was intended to provide equity for students in state operated programs when compared to services to the disadvantaged under the Title I ESEA program. It would appear that the Congress did not conceive of the program in relation to 94-142, and that it would not be appropriate to do so now. The equity argument, if comparing the Chapter I and P.L. 94-142 programs, does not appropriately take into account what may be systematic differences in populations served. If programs for the deaf are considered, there are a variety of population differences which may warrant a disproportionate allocation of resources to state operated programs:

1) The student populations of center schools are increasingly composed of multi-handicapped students.

2) The students' average age has rapidly increased as there are shifts in population age distribution between state operated and local education agency programs.

3) The degree of handicap of the students in state operated programs may be relatively more severe than those students served in local programs.

4) To an increasing extent, the state operated programs are becoming referral programs for students who cannot be adequately served by the local programs (older, more severely handicapped, less successful).

Our organization is strongly supportive of the goals of P.L. 94-142 which include the promotion of a full range of educational service delivery options within which the state operated programs, most of which are center and/or residential schools, play an important role. Let us seek the necessary funding support for both P.L. 94-142 and Chapter I (ECIA).

Mr. Chairman, we would like to have the committee aware of the following:

1) Important services are delivered to deaf students and their parents through the Chapter I program.

2) In education of the deaf, Chapter I (89-313) funding has been an important source of change and improvement.

3) If appropriations levels were reduced to the degree suggested by the Administration's budget proposals, it will have significant impact on the lives of numerous deaf children and their parents.

Finally, we would like to convey to you the strong opinion expressed by our members--that reductions cannot be expected to be offset by compensating state level expenditures. Programs which would necessarily be eliminated would be lost. This fact is emphasized by the information that in a number of instances, when previous reductions in the Chapter I program were effected, many states not only did not pick up programs with state funding sources, but cut state level funding in addition.

To emphasize these points, we would like to share some brief material which summarizes the responses of the leadership of a number of our member programs.

When asked to indicate the types of programs which are supported by Chapter I funds, they most often cited:

1) basic skills programming for multiply handicapped students
2) family education and counseling and parent-infant programs
3) communication skills enrichment
4) paraprofessional support for instruction
5) audiological support services
6) psychological support services
7) media/materials support services

Additional types of programs supported included:

8) remedial/tutorial services
9) bilingual education programming support
10) in-service training of staff
11) after school/summer school enrichment and remedial programs

Many of the programs appear to involve a significant number of personnel to deliver the services.

When asked to list the types of programs most likely to be reduced if there were a substantial reduction in Chapter I funding, they most frequently mentioned:

1) supplementary services for the multi-handicapped
2) media support services
3) remedial/tutorial services
4) audiological/psychological services

When asked to describe the impact of reductions in "human terms," the following statements, and many others were given:

1) "The (impact) of reduction of services...would be catastrophic. Most of our child evaluation program...is funded by Chapter I. To not provide these services would be a great disservice to our...(students). We could not function properly without the audiological, psychological, and special instructional services that Chapter I (supported) personnel provide...."

2) "Since 1977 our staff has worked diligently to meet the (requirements of) law as well as the needs of students by developing individualized education plans (IEP's). Parents, students, and staff have come to expect a certain level of service during that time. That level of service cannot be maintained if the tools the teachers need (curricula) and the extra eyes and hands provided by special education technicians cannot be provided. Everyone will have to adjust to less--less individualization, slower pace, less achievement, less program development, and perhaps a lesser quality of life."

3) "The Parent-Infant position ... would probably not be assumed by any other funding source.... A projection is that our 30 families seen weekly may only be visited bi-weekly or once a

month. (For deaf children) these first few years are a critical time in language and auditory development."

4) "Although enrollment...(has been decreasing)...the number of multi-handicapped children with special needs has been steadily increasing. Unfortunately, we have not been able to convince our state that to properly serve these multi-handicapped students we need to provide a very different array of services. However, we have been able to obtain some of these services through our 89-313 project. If these funds are significantly reduced we will be forced to reduce or eliminate many of the special services provided to our multi-handicapped...(students)." "...it is possible some of these students will be 'due processed' out of our school (due to inappropriateness of program)."

5) "In a nutshell, Title I (sic) has put steak into the educational diet of our students. As these funds diminish, it means going back to more beans and potatoes. Title I is not, as some people suppose, the icing on the cake. It is the protein in an otherwise starchy diet."

While the climate does not appear ripe for state assumption of responsibilities for programs that have previously been funded under Chapter I, it is worthwile to remember that, in fact, the 89-313 program has been responsible for significant innovation in programs (for the deaf). There are more than a few isolated examples of programs which were initiated under 89-313 and which were subsequently assimilated into programs at state expense. Our members identified a number including the following examples:

1) in-service training program
2) parent education program
3) multi-handicapped services program
4) computer assisted instruction program
5) perceptual motor diagnostic program
6) dormitory teacher program
7) horticulture program
8) orientation and mobility training
9) psychological services program

Mr. Chairman, we again thank you and your committee for this opportunity to communicate our concerns and our perception of the needs of many deaf students as they relate to the Chapter I ECIA, 1981.

STATEMENT OF DR. ROGER P. KINGSLEY, DIRECTOR, CONGRESSIONAL RELATIONS, AMERICAN SPEECH-LANGUAGE-HEARING ASSOCIATION

Senator WEICKER. Dr. Roger Kingsley, director, congressional relations division, American Speech-Language-Hearing Association.

Dr. KINGSLEY. Mr. Chairman, I am pleased to have the opportunity to present the views and recommendations of the American Speech-Language-Hearing Association regarding fiscal year 1984 appropriations for Education of the Handicapped Act and Rehabilitation Act programs.

Because these programs are so cost effective, adequate funding is essential in terms of national economic as well as individual human considerations. Here, I would like to summarize my statement, including our specific fiscal recommendations for 1984, and ask that the full text be incorporated into the record.

Implementation of education of the handicapped programs has been a great achievement in terms of the lives and developmental potential of millions of handicapped children. During the last 2 years, Congress has recognized the value of these programs by rejecting ill-founded administration plans for consolidation, weakening the Federal standards.

The value of these programs is that they mean independence and self-esteem for individuals and for family members; they mean lifting of some of the enormous physical, emotional, and financial burdens.

This year the administration seems finally to recognize the overwhelming public and congressional support for these problems, yet the funding recommendations are still insufficient if adequate service levels are to be achieved.

The slight increase recommended for the State grant programs would not even bring those programs to the service levels that had been achieved by 1980 and these recommendations of funding are made at the expense of essential support service programs.

I'd like to focus my remaining time on one area of these programs, and that is personnel preparation. Without properly trained sufficient and adequate personnel, the purposes of basic education and rehabilitation services cannot possibly be achieved.

There must be a continuing expansion of these programs to train special education teachers, related service personnel, and rehabilitation professionals. And yet these programs have been shrinking in recent years as a result of budget cuts.

In an effort to fill numerous vacancies, many of the State education agencies have had to lower their certification and licensure standards. Hence, there is not only an inadequate supply of personnel, but a trend toward less qualified personnel in the schools.

The problem in the rehabilitation training program goes much deeper. Overall training funds have been cut by more than a third, but for certain fields like speech, language, and hearing programs support has diminished to almost nothing.

The Rehabilitation Services Administration has allocated funds without regard for actual need for personnel in the various rehabilitation disciplines.

We've examined this situation in greater depth in testimony presented before the authorizing committees, and specific amendments have now been passed by both your Subcommittee on the Handicapped and the House Education and Labor Committee.

Here I would ask only that this subcommittee call on the Rehabilitation Services Administration to assure that funding for programs like those that train speech, language, and hearing personnel are at an adequate level in fiscal year 1984.

In closing, Mr. Chairman, I would like to again say how much our association appreciates your continuing support for these programs. In the last 2½ years you've become a true champion of the rights and well-being of handicapped children and adults throughout the Nation.

Senator WEICKER. Thank you very much.

Two questions. First of all on the budget, I notice that the deaf-blind centers go from $15 million down to $9 million, or roughly about a $5,800,000 reduction.

Mr. KINGSLEY. In the administration's recommendations?

Senator WEICKER. That's right.

Mr. KINGSLEY. Right. We would recommend that those be level funded for the next fiscal year. We know that the authorizing committees have some questions about the future plans for that program, and we will certainly be working with your comparative House committee on that.

Senator WEICKER. And the other item of personnel development is the same—by the lady for the autism group, am I correct?

Mr. Kingsley. Right. As you know, Senators, the Congress passed a supplemental bill last year over the President's veto that restored about $16 million to that personnel development program to bring it to current funding of $49 million.

The administration is in effect recommending to bring it back to the presupplemental levels, and that is a recommendation that we reject in its entirety—really even the $49 million is well below previous funding levels for that program.

Senator Weicker. That's the only part of your statement that I have a little question as to whether the administration has gotten any message at all.

I hear the rhetoric, but it does not equate with the figures that I see before me, and it gets very tiresome—it does for you and certainly for those that you represent and it does also for this chairman—to have to continue to go back and fight for these levels that are really not an improvement at all, it's just holding the line, which hardly connotes better days ahead insofar as advancing our understanding of these problems.

But in any event I couldn't concur with your words more, and I assure you we'll do everything possible to bring these figures up to the appropriate levels.

I thank you very much for your testimony and for your accolade. I'll try to live up to it for the 5, 5½ years that are left. [Laughter.]

Mr. Kingsley. Hope it's longer than that, Senator.

[The statement follows:]

STATEMENT OF DR. ROGER P. KINGSLEY

Mr. Chairman and members of the Subcommittee, I am pleased to have the opportunity to present the views and recommendations of the American Speech-Language-Hearing Association (ASHA) regarding appropriations for some of the major programs administered by the Department of Education's Office of Special Education and Rehabilitative Services. Physically and mentally handicapped persons comprise a substantial portion of the nation's population - around 35 million people. Among the most prevalent handicapping conditions are speech, language, and hearing impairments. Because the ability to communicate effectively is so fundamental to other life activities - learning, interpersonal relationships, and vocational pursuits - any loss or limitation of this ability can be detrimental to individual human development and performance.

As the professional and scientific society representing approximately 38,000 speech-language pathologists and audiologists nationwide, ASHA is very concerned about adequate funding of services, training, and research programs for the handicapped. Because the programs addressed in this statement are demonstrably cost effective, adequate funding is essential in terms of national economic as well as individual human considerations.

In both sessions of the 97th Congress, bipartisan Congressional majorities reaffirmed the national commitment to the handicapped by rejecting Administration proposals for budget cuts and consolidations and by approving authorization-level funding for the Education of the Handicapped and the Vocational Rehabilitation State Grant Programs. However, the authorization levels set by the Omnibus Reconciliation Act of 1981 were, in most cases, much lower than previous levels. Other programs, particularly categorical educational and health service and training programs, suffered drastic reductions in funding.

ASHA's FY 1984 appropriations recommendations and justifications regarding some of the key programs serving the handicapped within the Department of Education follow. Since the Rehabilitation Act of 1973, as amended, and the Education of the Handicapped Act discretionary programs are being reauthorized and current authorization levels expire at the end of this fiscal year, our funding recommendations are linked to the hope that Congress will be making upward adjustments in these levels.

Education of the Handicapped State Grant Program and Preschool Incentive Grant Program

Public Law 94-142 (Part B of the Education of the Handicapped Act) provides State Grants for the purpose of assuring "a free appropriate public education" to all school-age handicapped children in the United States. In passing this law in 1975, Congress acknowledged that the right to equal educational opportunities and appropriate educational services had been denied to millions of handicapped children. Implementation of the Education for All Handicapped Children Act has been a paramount national achievement in improving the lives and developmental potential of handicapped children, over four million of whom are receiving special education and related services in programs supported by P.L. 94-142 and P.L. 89-313 funds.

Education of the handicapped is particularly cost-effective since it makes possible the early correction of disabilities or adjustment to handicapping conditions that might otherwise severely limit the educational and vocational potential of individuals. Much research has demonstrated that the earlier special education intervention occurs the less costly are overall services. For instance, the difference between starting special education at age two and age six has been calculated at a cost savings of about $16,000 per child.[1] Other studies have demonstrated the long-term savings of early intervention with respect to taxes generated by (and disability income maintenance not required by) the recipients of special education and related services. One study has calculated that long-term savings for speech-impaired persons totaled over $87,000 and for mildly retarded persons over $441,000.[2]

Congress has recognized the importance of early special education by enacting the Preschool Incentive Grant Program (Part B, Sec. 619 of the Education of the Handicapped Act) to encourage states to provide services to children in the 3-5 age range. About one-quarter million children are served annually through this program, but lack of funding has limited its potential for reducing the number and severity of handicaps that schools must contend with in the elementary and secondary school populations.

The Reagan Administration's recommendation for a slight increase in State Grant funds reverses a two-year effort at drastically cutting the program and eliminating most federal responsibilities for its implementation. Even with the proposed increase, the federal share of the national per pupil expenditure would be only 8 percent, compared to 12 percent in the late 1970's. Furthermore, the increase comes at the expense of education of the handicapped discretionary programs that provide necessary support for effective implementation of basic state grants.

ASHA believes that the funding level for Education of the Handicapped Act programs included in the House Budget Resolution represents the minimum that Congress should consider if adequate services are to be continued. We recommend that FY 1984 appropriations be set at $1,064.89 million for the State Grant Program and $30 million for the Preschool Incentive Grant Program.

Early Childhood Program

The Early Childhood Program (Part C, Section 623 of the Education of the Handicapped Act) was designed to promote a comprehensive approach to providing services to young children (ages 0-8) and their parents.

The large number of unserved and underserved children in the youngest age categories is unfortunate since early intervention for these handicapped children can be very cost effective in the long term. However, services to children age 5 and under are not mandated by law and consequently fewer than one-third of the states require services to children in the 3-5 age range.

Last year, Congress demonstrated its support for this program by restoring $7.2 million in a supplemental appropriations bill (P.L. 97-257). The Administration's current request to cut funds from the program should again be rejected. ASHA has recommended increasing the authorization level of the Early Childhood Program to $25 million and believes that $20.16 million is the minimum amount that should be appropriated in FY 1984.

Special Education Personnel Development

The Special Education Personnel Development program (Part D, Sections 631, 632, 634 of the Education of the Handicapped Act) has as its objective the provision of support to institutions of higher education and local and state education agencies to ensure an adequate supply of qualified providers of special education and related services.

Without properly trained, accessible, and sufficient personnel, it is difficult to envision the successful implementation of the primary goal of P.L. 94-142 - attainment of a free and appropriate public education for all handicapped children. There must be a continuing expansion of the programs to train special education teachers and related service professionals. Yet, according to the Division of Special Education Programs in the Department of Education, the number of professionals needed exceeds the number available by more than 100,000. Recently, 41 state education agencies reported that they had numerous funded but unfilled positions for speech-language pathologists. In an effort to fill these vacancies, some state agencies are lowering their certification standards. Hence, there is not only an inadequate supply of personnel but also a trend toward less qualified personnel in the public schools.

The current situation must be addressed by rejecting the Administration's proposed return to pre-supplemental appropriations levels and by increasing federal support to make up for funding cuts of recent years. ASHA has recommended an authorization level of $70 million (based on five percent increments over the actual funding level at its peak in 1980). We believe that $64 million appropriated for FY 1984 would help to reverse the serious decline in quantity and quality of special education and related service personnel.

Rehabilitation State Grants

The Basic State Grant program (Section 110 of the Rehabilitation Act of 1973, as amended), has been a model of working federalism - an effective federal-state partnership - for sixty-two years. Since 1921, the program has served about 23 million persons and has rehabilitated more than six million of them. The cost effectiveness of the program is very high (a ratio of better than 1 to 10) and it is estimated that the benefit to governments at all levels is about $280 million, including income and payroll taxes and funding saved as a result of decreased dependency on public welfare and institutional care.[3] As important as the economic benefits of the program are the human benefits. For the handicapped individual, rehabilitation means independence, self-esteem, and mobility. For the families of handicapped individuals, it means the lifting of physical, emotional, and financial burdens.

Despite these achievements, the vast majority of handicapped adults remain without the rehabilitation services they need. About one million handicapped individuals are served annually. However, the number has been declining for the past six years since funding has not kept pace with inflation and because a larger proportion of severely (and hard to rehabilitate) persons are being served. The number of persons successfully rehabilitated and the number of new cases have also been declining. For instance, in fiscal year 1981 the number of persons successfully rehabilitated was 255,900, a decline of 7.7 percent from the previous year.[4] This represented the smallest number of persons rehabilitated during the past 12 years. This trend is unfortunate, because with adequate services many handicapped individuals can be successfully rehabilitated and returned to the workplace. For instance, among annually completed cases of individuals with hearing impairments, about 80 percent are successfully rehabilitated.[5]

After several years of drastic budget reduction requests that were summarily rejected by Congress, the Administration is now recommending to freeze funding for Rehabilitation State Grants at the FY 1983 level. With the Rehabilitation Act up for reauthorization, we hope that Congress will seize the opportunity to reverse recent trends and restore previous rehabilitation service levels. ASHA has joined with other associations in recommending authorizaton levels for the next three fiscal years that will lead to restoration of the 1979 level purchasing power of vocational rehabilitation funds. For FY 1984, we recommend that a new funding level of $1,037.8 million be established and the full amount appropriated.

Rehabilitation Training

The Rehabilitation Training Grant Program (Section 304 of the Rehabilitation Act of 1973, as amended) supports training in the broad range of established professional rehabilitation fields identified in the Rehabilitation Act including rehabilitation medicine, speech-language pathology, audiology, physical therapy, occupational therapy, rehabilitation counseling, interpreters for the deaf, and personnel to train the blind. Despite the need for greater numbers of rehabilitation professionals to serve the handicapped and despite serious shortages of adequately trained professionals in many fields, federal support for this program has been declining since FY 1979. The decline has been especially severe for certain disciplines in which personnel shortages are already great. For instance, the reduction in federal assistance for speech, language, and hearing training programs over the last three years has been 70 percent compared to a decline of 37 percent in overall training funds. Yet a Bureau of Health Manpower report has projected a need for speech-language pathologists and audiologists that would continue to outstrip supply by large numbers for years to come.[6]

Training priorities are established by the Rehabilitation Services Administration more on the basis of political and budgetary factors than the actual need for different kinds of rehabilitation services. The authorizing committees with jurisdiction over the Rehabilitation Act are now considering amendments to remedy this situation and require the Commissioner to link allocation of funds to evidence of personnel shortages and needs.

ASHA has recommended increasing the authorization level for Rehabilitation Training to $30.5 million and believes that FY 1984 funding should be set at no less than $25.5 million.

1. Wood, P. "Cost of Services," in Garland et. al. (eds.), Early Intervention for Children With Special Needs and Their Families: Funding and Recommendations. Interact (1980).
2. Braddock, D. Dollars and Sense in Special Education. Council for Exceptional Children (1976).
3. Rehabilitation Services Administration, Office of Special Education and Rehabilitative Services, Annual Report to the President and Congress on Federal Activities Related to the Administration of the Rehabilitation Act of 1973, as amended. (Fiscal Year 1981), i-ii.
4. Rehabilitation Services Administration, Annual Report (FY 1981), p. 13.
5. Rehabilitation Services Administration, Information Memorandum on Report "Characteristics of Persons Rehabilitated in Fiscal Year 1979."
6. Bureau of Health Manpower, Health Resources Administration, A Report on Allied Health Personnel (November 1979), p. XIV-5.

STATEMENT OF MARTIN A. ADLER, DIRECTOR, HELEN KELLER NATIONAL CENTER FOR DEAF-BLIND YOUTHS AND ADULTS

Senator WEICKER. Martin Adler, director of the Helen Keller National Center for Deaf-Blind Youths and Adults.

Nice to have you here.

Mr. ADLER. I intend to be very brief and hopefully to the point because of time restraints. Let me very briefly state that the Helen Keller National Center which had been mandated by Congress to provide, to develop, to initiate, to expand services for the deaf-blind youths and adults has been doing that.

There are many facts that support that. Even the administration itself under the Rehabilitation Services Administration recently declared deaf-blindness as their No. 1 priority. And they're doing that because they have seen the development of a number of agencies, many of them supported by HKNC—Helen Keller—many of them developed and trained by HKNC, and so they have developed the step 1 priority system for 1983.

In addition to the different support systems that are now being developed by Helen Keller National Center and a number of other agencies around the country, the deaf-blind are even showing that they can be trained, that they can be rehabilitated, that they can enjoy employment, both on a competitive basis, sheltered workshop basis. There just doesn't seem to be any doubt with the professionals, with the general community, that the deaf-blind are moving ahead and once given the opportunity to develop their own courage, to develop the skills that we train them for, they do obtain employment.

In terms of additional funds, we are asking that our $3.5 million in the current year be increased by an inflationary rate of 6 percent, which is really a mere $210,000.

That we hope just keeps us barely going. In addition, we are requesting another $200,000 to expand our field sevices by about eight to nine employees so that our national field service system can further develop the systems that we already have in place.

Basically what we're asking for is an additional $410,000.

Thank you.

Senator WEICKER. Now, I just talked to John Doyle in the authorizing committee yesterday—the authorizing committee raised the recommended amount by a small—can I have that, John, please?

[Pause.]

Senator WEICKER. The actual right now is what? $3.5 million.

Mr. ADLER. Yes, sir.

Senator WEICKER. The recommended level was $3.7 million. Now you say the administration says the deaf-blind is their No. 1 priority.

Mr. ADLER. Yes, sir.

Senator WEICKER. And exactly how does that relate to the administration request for money? If it's their No. 1 priority, then it should have a No. 1 request.

Mr. ADLER. That's a contradiction within the administration, sir.

Senator WEICKER. Well, I know. It is a contradiction, and I want to know what figure specifically you would recommend.

Mr. ADLER. I would recommend the minimum of $410,000. You have added $200,000 to our budget. I think we need $410,000, sir, and that is barely to keep ourselves going and to expand our staff by about 8 to 10 employees, particularly in the field.

You mentioned before the deaf-blind regional centers were being reduced from 15 to 5. It is ridiculous, sir, they need that money, they're working with many rubella children who have yet to receive the kind of training that they should receive, they're becoming adults now and we should be able to receive additional funding to work with them once they've reached the age of maturity.

Senator WEICKER. How many deaf-blind persons are there in the United States?

Mr. ADLER. Depending upon the definition that you use, but under the strict definition of dead-blindness, there are approximately 41,000 deaf-blind people in the country.

Senator WEICKER. 41,000, and what's being recommended to you is $3.5 million for Helen Keller——

Mr. ADLER. Yes, sir.

Senator WEICKER. And $9 million I guess for the deaf-blind centers.

Mr. ADLER. I believe, yes.

Senator WEICKER. Out of the State grant, what is appropriated on the State grant to this matter?

Mr. ADLER. Nothing to HKNC, sir.

Senator WEICKER. Thank you very much; I appreciate your testimony and also the very good work that the center does.

Mr. ADLER. Thank you.

[The statement follows:]

STATEMENT OF MARTIN A. ADLER

Thank you for inviting me to testify before the Subcommittee. My name is Martin A. Adler and I am the Director of the Helen Keller National Center for Deaf-Blind Youths and Adults (HKNC) located on Long Island in New York.

HKNC is operated by the Board of Trustees of The Industrial Home for the Blind (IHB) under an agreement signed in 1969 with the United States Department of Health, Education and Welfare. The authorization for its operation is contained in Section 313, Title III, of the Rehabilitation Act of 1973, as amended, and funds for its operation are appropriated annually by Congress. It operates under the general supervision of the Rehabilitation Services Administration. The Center is located on a 25-acre wooded site in Sands Point, New York. The training, research and administration building, as well as the residence building, are specially designed and equipped to meet the accessibility and safety needs of trainees served.

HKNC operates nine regional offices to assist state and local agencies in serving deaf-blind persons in their home communities, and for referring them to the Center.

The following objectives were mandated by Congress when it established the Center:

To provide initial assessment of physical and psychosocial functioning to determine feasibility for admission to HKNC for comprehensive rehabilitation services or for referral to other agencies qualified to provide them with services appropriate to their individual needs and interests;

To provide multidisciplinary evaluation to those deaf-blind individuals for whom rehabilitation seems feasible to determine their rehabilitation needs, interests and potentialities;

To provide individualized rehabilitation training, based on the findings of the evaluation, to achieve, as required in each case, (a) meaningful contact with the environment and effective means of communication, (b) constructive participation in the home and the community, (c) initial or enhanced employability, and (d) any other development important to the optimum rehabilitation of the deaf-blind individual;

To provide training for new and prospective specialists in services for deaf-blind persons;

To provide community education designed to sensitize both the lay and professional communities to the special needs and normal aspirations of deaf-blind persons and to develop in the community an acceptance of and confidence in persons who are deaf-blind;

To identify and locate youths and adults who are deaf-blind in order to develop a national register of these individuals which will provide information as to the composition and distribution of the deaf-blind population that will be helpful in the planning of services appropriate to the needs and interests of this population;

To encourage the initiation of and to cooperate in medical research into the causes of deaf-blindness and methods of reducing or eliminating these causes;

To conduct research into the implications of deaf-blindness for the personal adjustment, education and rehabilitation of the deaf-blind individual;

To innovate and/or improve approaches and techniques of rehabilitation that will best contribute to the promotion of the personal adjustment, education, rehabilitation and social and economic effectiveness of the deaf-blind individual;

To conduct studies, including follow-up studies of clients, to evaluate the effectiveness and appropriateness of services offered by HKNC;

To design and/or improve sensory aids that will reduce the handicapping effects of deaf-blindness;

To encourage and assist public and private agencies to develop services for deaf-blind persons in their local communities.

In order to achieve the Congressionally mandated objectives, we have developed six separate elements of service within HKNC:

I. REHABILITATION SERVICES -- All individuals accepted for evaluation and rehabilitation at HKNC are deaf-blind and frequently multi-handicapped. The overall purpose is to provide those individuals who generally have been isolated and ignored for many years with training in communication, education, daily living skills, mobility, industrial arts, prevocational activities, home and personal management, personal hygiene, speech therapy, audiological services, and complete counseling opportunities. Because our individuals are deaf-blind, without sight and sound and frequently without speech, we have no other alternative but to provide services almost on a one-to-one basis. The intensity of the intellectual and emotional effort required from staff to work with our deaf-blind trainees is demanding. Depending upon clients' abilities, our goals range from teaching deaf-blind individuals simple methods of caring for themselves out of institutions, or returning to live with their families. Other trainees may become so skilled that they may be able to be accepted into competitive employment. One of the ten 1980 Outstanding Handicapped Federal Employees was an HKNC graduate.

II. RESIDENCE SERVICES -- To provide the housing and other support services necessary for the deaf-blind trainees to reside at HKNC while receiving the rehabilitation programs. In addition, the residence provides living quarters for workers who are receiving training in deaf-blind services, residence staff, and occasionally, parents of deaf-blind individuals who stay at the residence for a period of two or three days, observing the rehabilitative process.

III. RESEARCH -- Most deaf-blind individuals have no way of communicating with others unless they are in physical hand-to-hand contact. They cannot use the telephone or even the standard TTY. They may not have any idea when someone is at their door, when a fire alarm goes off, their telephone is ringing, or someone is attempting to break into their living quarters. We have developed and produced radio units called the Tactile Communicator that provides radio signals for deaf-blind individuals within their homes. These signs are programmed for doorbells, fire alarms, telephones and other essential lifesaving services. Our Tactile Communicator was the first instrument approved by the FCC under the newly established handicapped band.

IV. COMMUNITY EDUCATION -- The basic focus of our Community Education Department is to publicize rehabilitation and employment opportunities for deaf-blind individuals. This task is also accomplished through our nine regional offices covering the United States. These nine regional representatives also provide direct services to deaf-blind youths and adults within their geographical areas.

V. NATIONAL TRAINING TEAM -- This team has been fully operational, providing training to personnel in private and state agencies, as well as to parents of deaf-blind youths and adults. The demand for its skills and presence in agencies across the country is outstanding. We have even received requests from abroad to pay for our team's presence. The activities of the National Training Team (NTT) have led to the establishment for the first time of a master's degree program in deaf-blindness that is now co-sponsored by Western Maryland College and HKNC.

VI. AFFILIATED NETWORK SYSTEM -- This consists of 22 agencies within 18 states that have received start-up funding for up to 5 year periods to initiate deaf-blind programs. These agencies during the last reporting period worked with 613 deaf-blind persons. They received training and other support systems as well as being part of a coordinated system that enables these agencies to share problems, solutions, and expertise. This concept, in addition to the NTT, the regional representatives across the country, and rehabilitation training at headquarters, establishes a national service delivery system for the deaf-blind.

The above six systems do provide the country with a national service delivery system for deaf-blind individuals. They provide an integrated system of direct services, research, instruction and training, as well as the development of new or expanded local resources for deaf-blind persons. This national integrated system will meet the needs of most deaf-blind individuals and the agencies that service them. Because of the severity of deaf-blindness, because of the isolation and communication problems of the deaf-blind, because of the need for special housing and transportation accommodations, and because of the special problems all deaf-blind individuals encounter within educational, rehabilitative, and independent learning systems, it becomes necessary for a service delivery system to utilize numerous resources in order to meet the very basic needs of our deaf-blind citizens.

The cost to maintain the HKNC service delivery system for Federal FY-84 and projecting a 6% inflationary rate comes to $3,710,000 or an increase of $210,000 on top of our $3,500,000 Federal FY-83 allocation. If we were to gradually increase the service delivery system in Federal FY-84 in order to more fully meet the Congressional mandate listed above and the systems required by the deaf-blind, an additional $200,000 for Federal FY-84 is requested. These additional monies would cover ten to twelve additional personnel. We would open an additional regional office to cover the St. Louis, Missouri regional area and add one additional person to each of our nine regional offices that are currently staffed by one professional and a part-time secretary. The additional person in each regional office would be responsible for vocational development, placement, and vocational after-care for deaf-blind individuals in their geographical area. This would allow us more time to coordinate and integrate educational and rehabilitation programs for the deaf-blind within each geographical area. The combination would truly develop a more effective system of carrying over the services the deaf-blind receive in the educational programs to rehabilitation and independent living programs for deaf-blind adults. This would also enable us to develop greater resources and systems for the ever-growing elderly deaf-blind.

STATEMENT OF MONROE KARASIK, MEMBER OF THE GOVERNMENTAL AFFAIRS COMMITTEE, ASSOCIATION FOR RETARDED CITIZENS OF THE UNITED STATES

Senator WEICKER. Monroe Karasik, member of the governmental affairs committee, Association for Retarded Citizens of the United States.

Mr. KARASIK. Thank you, sir. Much of what appears in my prepared testimony which is on file with you is repetitive of what has already been said by others, and I'm sure will be emphasized again and again today.

The basic theme that I have is a very simple one, and that is that Federal funds wisely invested in the education and training of retarded and other handicapped people at this time will forestall and diminish certain clearly expectable burdens on American taxpayers in the future.

As a second theme, I urge greater interest in research leading to the prevention and amelioration of mental retardation.

What I emphasize in the prepared testimony on file with you is the needs in various components of education, and at one point I make the very general statement that handicapped people want to be trained to work.

I am, I think, rather specially qualified to verify that statement, which is a very general statement. I've traveled over the length and breadth of my home State, Maryland, visiting local ARC units, the day programs, the residential programs. I have hundreds and hundreds of friends who are mentally retarded, and Mr. Chairman, I do confirm that general statement that handicapped people want to be trained to work. They desperately desire it.

I think, sir, you have some special knowledge to confirm what I confirm, and I think that the best thing that the Federal Government has done in the vocational grant program, is work with the States. I think it's absolutely vital, I think it's tremendously necessary, and I know the results of it.

I know, again, among my hundreds and hundreds of retarded friends—I know people who 7 years ago were just warehoused and today, because of that program, they are taxpayers and happy to be taxpayers.

They do their own shopping, they participate in community enterprises, they go to work, they have competitive jobs—Mr. Chairman and Senator Rudman, within 1 mile of where we are sitting, I can pick up the phone and call before you a dozen or more people who 5, 6, 7 years ago were unable to do anything and who are now working for the Federal Government and paying taxes to the Federal Government because of programs like this.

I think that's about enough for me to say; you have my prepared testimony. I do think that we have an analysis of the budget proposals, and I hope you'll look at it.

Senator WEICKER. If you'll dwell for a minute, please, on the specific funding for the type of program which you referred to here, where do we stand on that as far as the request of the administration insofar as what is needed in your opinion?

Mr. KARASIK. Well, we think that what should be done is to restore the level to the 1979 level. It involves an awful lot of money, Mr. Chairman, and of course it doesn't cover merely retarded people, who are only a fragment of the total handicapped people who are served by this program. What we are asking is restoration to the 1979 level.

Senator WEICKER. That would be somewhat higher than what we actually took yesterday——

Mr. KARASIK. Yes, sir.

Senator WEICKER [continuing]. And the administration asked for a flat $943,900,000, as you know, and the authorization, which is at $993 million—an increase of $50 million in that area.

I couldn't agree with you more in terms of your request and its justification. I think one thing ought to be made very clear at these hearings: nobody's asking for any favors around here. The only favor that's being done is a favor to the American taxpayers, as you say.

Mr. KARASIK. That's right.

Senator WEICKER. Warehousing is a mighty expensive deal—never mind the cost in human terms, in emotional terms, and in many instances there's actually no necessity for it.

Mr. KARASIK. And we're asking for the creation of taxpayers.

Senator WEICKER. Taxpayers and also the allowing of human beings to be human.

Mr. KARASIK. Be human beings exactly.

Senator WEICKER. In this free great society—to have the same rights as anybody else.

Senator WEICKER. Senator Rudman?

Senator RUDMAN. Thanks very much, sir.

[The statement follows:]

STATEMENT OF MONROE KARASIK

My name is Monroe Karasik. I appear before you today representing the Association for Retarded Citizens, a national organization composed of 1,600 local and state associations with over 200,000 members, approximately half of whom are parents of mentally retarded children. My wife and I are the parents of a 34-year-old mentally retarded son who suffered brain damage at birth. I have been active in the ARC for over 30 years. I am the Immediate Past President of the Maryland ARC and currently serve on the national Governmental Affairs Committee of the ARC. I am a retired attorney, having practiced law in and outside of government for 40 years.

My basic theme is a simple one: Federal funds wisely invested in the education and training of retarded and other handicapped people at this time will forestall or diminish certain clearly expectable burdens on American taxpayers in the future. As a second theme, I urge greater interest in research leading to the prevention and amelioration of mental retardation.

As you know, mental retardation is a lifelong disabling condition which affects over 6 million Americans. There are varying degrees of retardation, ranging from mild to profound retardation. In many cases, a continuum of services throughout the life of the individual is essential for that person to survive. The more severe the retardation, the more services are usually necessary. With proper training and support services, most retarded persons will become employed and lead active, productive lives in their communities.

Basic services such as early intervention, child development, special education, vocational rehabilitation, residential, social and medical services are essential to prevent unwarranted and costly institutionalization and wasted lives.

The Federal government plays a vital role in assisting states, local governments and private agencies to provide this array of necessary services. Most programs serving mentally retarded citizens, while being spared from huge cutbacks sought by the current Administration, have clearly not grown to meet the demand for services. In real purchasing power, most of the major programs serving handicapped individuals are currently operating at a level below that of 1979.

State agencies are now really feeling the crunch of the Federal budget cuts of the past two years; state funds have dried up and in many instances, waiting lists for entry into vital programs are growing daily. Parents of mentally retarded people are very concerned that their offspring will lose their current services or fail to gain access to necessary services. This is particularly true of the mentally retarded children who upon completion of public school special education programs are not finding much assistance for further training as they become young adults.

Time does not permit me to review all of our concerns today, so I will concentrate on the vital programs funded through the Department of Education.

Education for the Handicapped

Almost 850,000 mentally retarded children receive public school special education, constituting over 20% of the entire school age handicapped population. To the parents of these children, the Education for All Handicapped Children Act not only guarantees an appropriate education, training and skill development for their children, but also provides hope for a real future. Knowing the severe financial difficulties being faced by school systems throughout the country, our members are fearful that the quality of, if not the access to, a meaningful education is jeopardized. Many remember the day, just a few short years ago, when the doors of public schools were firmly closed to their mentally retarded children, (I certainly do). We don't want that to happen again.

Many special education programs have been affected by the fiscal crisis in the schools. Class sizes have increased, classroom aides have vanished and related services have become scarcer, if available at all. Governments at all levels are hurting financially. The ARC looks to the Federal government to assist state and local education agencies in financing special education. When P.L. 94-142 was enacted in 1975, the Congress set as a goal paying 40% of the excess costs of special education. In the late 1970's, approximately 12% of the excess costs were being met by the Federal government. For fiscal year 1984 the Administration requests only an 8% share. That is simply too low and can only lead to major cutbacks in special education services in many school systems. Who will suffer? The handicapped children, of course, but so will the rest of our nation's taxpayers. Why? It is well documented that a well trained handicapped person has much better potential to become an independent, taxpaying citizen than one who receives little or no opportunity for training. Not only are the chances of greater independence and productivity diminished for the untrained handicapped person, but such a person requires a greater amount of personal services... ultimately at the taxpayer's expense.

The ARC strongly urges the Committee to appropriate $1,321,910,000 for the P.L. 94-142 state grant. This figure would restore a 12% excess cost reimbursement level. It would provide the same level of Federal support being given to school systems four and five years ago.

More than 110,000 mentally retarded children receive their special education under the Chapter I special state set-aside for state operated or supported schools, most of whom receive their education in institutions for retarded persons. The Administration is proposing a $40 million reduction in this program. We recommend the Congress continue to fund the so-called Section 313 program at $146.52 million, the same level as fiscal year 1983.

The ARC also supports three vital programs in the Education for the Handicapped Act. They are: Preschool Incentive, Early Childhood Projects and Special Education Personnel Development. President Reagan's budget request would fund the Preschool Incentive program at $25 million, the fiscal year 1983 level, while reducing the Early Childhood and Personnel Development programs by approximately 30% each.

Our association recognizes, as do practically all of the experts in the field, the importance of early intervention which has been proven time and again to significantly enhance the learning potential of handicapped children. The Preschool Incentive and Early Childhood programs are among the few Federal initiatives which provide such early intervention opportunities. Both of them merit being increased. The Preschool Incentive program has remained at approximately $25 million since fiscal year 1980 while the Early Childhood program has been steadily reduced ($16.8 million in fiscal year 1983) from the $22 million level enjoyed in 1979. We recommend small increases of $1.25 million (to $26.25 million) for the Preschool Incentive and $3.2 million (to $20 million) for the Early Childhood program.

Special Education Personnel Development provides those Federal resources which promote an adequate supply of trained special educators and support personnel for our nation's classrooms. Special education teachers are in short supply, with growing demand. This gap must be bridged by providing increased funds in fiscal year 1984. The ARC recommends $55.5 million for Special Education Personnel Development. This figure would restore the program to the same level as in fiscal year 1980.

Vocational Rehabilitation

Clearly one of the finest examples of a Federal/State partnership to assist handicapped persons to lead productive lives is the Vocational Rehabilitation State Grant program. Well over 100,000 mentally retarded individuals receive Vocational Rehabilitation services each year. This program, which rehabilitates for employment over 40,000 mentally retarded persons annually, is strongly supported by the ARC.

Those 40,000 individuals will, we hope, live out their lives as taxpayers and not become dependent on costly government benefits. Given our nation's economic problems, converting tax dependents into taxpayers should be a very high priority. That's exactly the mission of the Vocational Rehabilitation program. Yet, thousands of mentally retarded people are not able to participate in this program due to the shortage of funds. In recent years, the purchasing power of the rehabilitation dollar has eroded considerably. The drastic $100 million loss of rehabilitation funds from the Social Security programs has also devastated the Vocational Rehabilitation program.

Handicapped people want to be trained to work. Many more mentally retarded people could work if allowed the opportunity to be trained. It is sad that even one handicapped person is denied an opportunity for employment. It is vital, therefore, that the Vocational Rehabilitation State Grant program receive an adequate increase in fiscal year 1984. The rehabilitation community views fiscal year 1979 as the last year during which the Vocational Rehabilitation State Grant program operated at full strength. The ARC goal is to restore the fiscal year 1979 Vocational Rehabilitation State Grant purchasing power during the next several years. A first step would be to appropriate $1,037,800,000 for the program. We strongly recommend appropriating that sum in fiscal year 1984.

The ARC is placing high priority this year in obtaining Federal funding, for the first time, for the Independent Living State Grant program (Part A of Title VII of the Rehabilitation Act). This program would serve those severely handicapped individuals who do not qualify for the Vocational Rehabilitation State Grant program due to the severity of their handicap. Such individuals have extremely limited resources available to them and few, if any, opportunities for basic skills training and other services necessary for day-to-day living. We strongly recommend funding Part A Independent Living Services and continuing to fund the Part B Independent Living Centers Projects. A $45 million appropriation for fiscal year 1984 is justified on the basis of:

- a reasonable initiation of the Part A Comprehensive Services State Grant Program;
- the continuation of ongoing efforts with Centers for Independent Living (Part B); and
- start up for the Part C Older Blind Individuals program.

The Part A portion of the Independent Living program has never been launched due to the unavailability of appropriated funds. If all fifty states receive the minimum allotment of $200,000, approximately $10.5 million is necessary. In order to launch the program equitably in the more populous states an appropriation of approximately $25 million is suggested. That level of funds would provide approximately one-third of the states with the minimum allotment, with the remaining, more populous states, receiving a larger proportional share. We recommend $18 million for Part B Independent Living Centers, which represents a slight increase to compensate for inflation. The remaining $2 million would be used to initiate the Part C Older Blind program.

The National Institute of Handicapped Research promotes and provides funds for needed research in the field of rehabilitation. Three Mental Retardation Research and Training Centers are funded through NIHR. Numerous other NIHR funded projects impact on the prevention and amelioration of mental retardation. The Institute, while relatively new, is greatly constrained in its activities since funds have not increased since its first year in operation in fiscal year 1979. For example, the NIHR is unable to allocate any resources to individual scientists who have ideas on improving rehabilitation methodology. The ARC strongly supports the activities of the NIHR and recommends a fiscal year 1984 appropriation of $37.5 million.

Another vital rehabilitation program component is training. Since disabled individuals undergoing rehabilitation require individualized programming, it is critical that well trained professionals deliver a wide range of services. The rehabilitation field is quite diverse, thereby requiring varied professional skills. The Vocational Rehabilitation program greatly assists institutions of higher education to establish and maintain high quality training programs. Unfortunately, the Vocational Rehabilitation programs have suffered serious funding losses (more than $10 million) since the late 1970's. It is now time to begin to restore this program in order that it can begin to meet the escalating shortage of rehabilitation personnel. The ARC urges the Congress to appropriate $25.5 million for Rehabilitation Training in fiscal year 1984.

Finally, Mr. Chairman, the ARC wishes to call to your attention and submit for the record an Analysis of the President's FY 1984 Budget Proposals and Recommended Appropriations Levels Relating to Programs for People with Developmental Disabilities. This comprehensive document, prepared by the Consortium for Citizens with Developmental Disabilities, represents the views of 27 major national disability organizations. It contains recommendations for programs in the Departments of Labor, Health and Human Services and Education.

SUMMARY OF ARC RECOMMENDATIONS FOR THE

DEPARTMENT OF EDUCATION PROGRAMS

Program	FY '83 Continuing Res.	FY '84 Admin. Request	FY '84 ARC Recommendation
Education for the Handicappped			
State Grant	970	998	1,321.91
State Operated Schools	146.52	104.85	146.52
Preschool Incentive	25	25	26.25
Early Childhood Programs	16.8	11.8	20
Personnel Development	49.3	33.6	55.5
Vocational Rehabilitation			
State Grant	943.9	943.9	1,037.8
Independent Living	17.28	17.28	45
Nat'l Institute of Handicapped Research	30.06	30.06	37.5
Training	19.2	19.2	25.5

STATEMENT OF DR. ASA RUSKIN, DIRECTOR, REHABILITATIVE MEDICINE, KINGSBROOK MEDICAL CENTER; ASSOCIATE CLINICAL PROFESSOR, REHABILITATION MEDICINE, ALBERT EINSTEIN MEDICAL COLLEGE OF MEDICINE; CHAIRMAN, LEGISLATIVE COMMITTEE, AMERICAN CONGRESS OF REHABILITATION MEDICINE

Senator WEICKER. Dr. Asa Ruskin, chairman, legislative committee, American Congress of Rehabilitative Medicine.

Dr. RUSKIN. Senator, as a physician, I am speaking on behalf of all of the groups concerned with the handicapped and disabled, and I think the most important message to get to the legislators, which I know you are personally perhaps aware of but many of your colleagues are not, is whence cometh the handicapped and disabled, and how many are there?

The Rehabilitation Act requires one billion 50-some odd million dollars in total, and one is entitled to ask, how many of these people are there, and why is this money required?

The important point that has to be gotten across is that the numbers of handicapped and disabled are increasing geometrically with a speed that boggles the mind. It is not a static group and funding has to be in proportion to the increase in this group.

When I was in medical school and up to the Second World War, spinal cord injury rehabilitation did not exist because the patients died within 6 to 8 weeks of infection. With the coming of antibiotics, spinal cord injury persons live a full life span and we are manufacturing them at a rate of 10,000 per year, with hundreds of thousands now alive.

For head injury patients the number is 50 times that of spinal cord injury patients. All of the advances of modern medical science have contributed to extending life span, keeping alive persons who would not have been alive otherwise, and increasing at phenomenal rates the numbers of handicapped and disabled.

The excellent emergency rooms that take people from the automobile accidents and keep them alive save lives, but produce brain-injured and otherwise disabled people.

The advances in renal dialysis have opened up a new field of renal rehabilitation; advances in cancer care have created a new field of oncology rehabilitation. Patients that would have died cerebral palsy children—this used to be a children's problem because they died before they were in their twenties. It is now no longer a problem of children; we have cerebral palsied adults, we have adults with muscular dystrophy in their forties and approaching 50 years of age, when I was taught in medical school that they never lived to 20.

Because modern medical science has advanced at this pace, the total number of handicapped and disabled are increasing at such a speed that if the society does not fund adequately the manpower training and all of these assorted programs at this time, the burden of maintenance of this population on the society will be absolutely crushing in another 10 or 20 years, and the concept and the realization of this rapidly expanding group I think is the basic thing.

The other point is that in rehabilitation it is not only getting somebody back to a job; if a handicapped person is taught to feed themselves and nothing else, the Goverment gains $5,000 a year in saved manpower.

If a handicapped or elderly person is taught by rehabilitation the simple things of self-care, such that instead of requring a nursing facility they can live in a health-related facility, the Government saves over $20,000 a year and has the same benefit as if that person went out to work, earned $50,000 and paid the $20,000 in taxes.

So the mind-boggling numbers have got to be understood and the totality of the package indicated in our written presentations has to be funded.

Senator WEICKER. Thank you very much for your testimony. Senator Rudman?

Senator RUDMAN. Thank you.

[The statement follows:]

STATEMENT OF DR. ASA RUSKIN

When discussing public expenditure of the magnitude of one billion dollars annually for the handicapped and disabled, you are legitimately entitled to ask, "How is it that this particular segment of the population which was hardly heard from ten years ago can portend to such massive demands on the public treasury?". "Who are these people, where do they come from, and what future requirements must we anticipate?".

Many persons active in advocacy of the handicapped do not themselves fully understand the underlying mechanisms that have created this demand and often think that it is the result of an increased militancy and awareness of the handicapped population as a disadvantaged minority. This view is only very partially accurate.

We must all understand that the numbers of handicapped and disabled elderly in our society are one of the fastest growing segments of the population, approaching a majority. This is occurring as a natural effect of our high level of primary acute medical care and degree of technological advancement. These advances have been so rapid in the last few decades that we have not been able to accommodate our thinking of language in a manner sufficient to grasp the mind-boggling implications of our own achievements.

To cite only a few illustrative examples, in the early 1940s the life expectancy of a spinal cord injured person was less than six months, by which time they would have succumbed to pulmonary, urinary or other infection. Since the advent of antibiotics and modern medical techniques, their life expectancy is now essentially normal and our civilian casualty rate for this condition exceeds 10,000 new cases per year with a total national incidence well into six figures for this condition alone. When I was a medical student, patients with congenital muscular dystrophy rarely reached their teen years. Now I have patients with the same condition in their forties.

Not only are people with congenital problems and catastrophic accidents benefitting from modern medicine, but every single person whose life expectancy has been extended and for whom the terrors of infectious diseases have been all but eliminated, has become a candidate for the almost inevitable development of a chronic and disabling condition, such that a U.S. Public Health Service report in the mid-1970s showed that approximately half the entire population suffered from one or more chronic illnesses. To paraphrase Pogo, "We have met the handicapped and they is us".

Realization of the numbers of people involved makes it quite obvious that the society cannot for long continue to permit such a large segment to become unproductive and simply the recipients of passive financial assistance. The vast majority of handicapped are capable of remunerative employment if the necessary rehabilitation, training and transportation needs are met and it must be recognized that for the severely impaired, an increase in functional status that permits the person to feed themselves contributes an immediate saving of at least $10,000 per year by reducing the manpower requirements for their care.

All branches of medicine and many societal agencies deal peripherally with problems of the handicapped. Only the specialty field of Physical Medicine & Rehabilitation, together with related allied health professions, make this their primary concern, and it is for this reason that I am addressing you today as representative of the American Congress of Rehabilitation Medicine, a national organization whose membership includes physicians and allied health professionals in this field.

The magnitude of the problem that I have outlined should suffice to emphasize why budgeting for rehabilitation must be increased, even in the face of severe national fiscal constraints. I would like to mention three illustrative areas in which increased funding will very rapidly bring back to the treasury many times the initial investment.

INDEPENDENT LIVING PROJECTS

It is physically impossible, fiscally unsound and morally wrong to warehouse large numbers of disabled individuals in institutional settings that are detrimental to their health and wellbeing, diminish the dignity of the individual and are extremely costly. New and innovative methods must be explored by means of demonstration projects and appropriate medical and sociological research. These must include not only independent living arrangements of a handicapped individual together with an attendant, but less costly and often psychologically and medically indicated methods of congregant living situations in which a small number of handicapped persons, perhaps four to six, would live with an attendant couple constituting a surrogate family situation. Different types of and sizes of semi-residential settings would doubtless be appropriate in different parts of the country. The means must be found to cut through bureaucratic entanglements and provide the necessary mechanisms to establish various formats for independent living. It might, for example, be much more advantageous to pay family members to remain at home under semi-structured situations rather than pay for nursing home care.

AMBULATORY CARE PROGRAMS NECESSARY TO INDEPENDENT LIVING

Demonstration projects to establish day hospital programs as well as innovative methods of better utilizing multi-disciplinary outpatient facilities and programs that combine elements of the sheltered workshop with aspects of diversional day care enters could do much to promote de-institutionalization, relieve excessive pressures on other family members, and at the same time restore the dignity and improve the quality of life of the participants.

EFFECTIVE USE OF MANPOWER

I have shown that the numbers of persons who will require rehabilitative care is increasing geometrically, and this area is destined to equal or exceed all other areas of health care. We must be prepared with adequate personnel but at the same time we must make certain that we are using that manpower in the most efficient and cost effective manner. A recent tendency among health care administrators, including Medicare and Medicaid administrators, has been to simply recommend utilizing the lowest level of training possible for a given task. In many instances this is neither medically sound nor truly cost effective. There are a great many rehabilitation professionals with different types of training and areas of competence. Attention must be given to the expansion of training facilities and the Government's encouragement of career pathways.

In those many activities that come under the general heading of rehabilitative medicine (MD, pts, nurses, ot, speech pathology, orthotics, rehabilitation engineering, counselors, audiologists, etc.), we simply cannot afford to be penny-wise and pound-foolish. We need more well trained professionals in all of these disciplines. We also need research on the most appropriate and cost effective utilization of manpower. The lives we improve may well be our own.

ATTACHMENT

PROFESSIONAL MANPOWER DATA IN THE MEDICAL REHABILITATION AREA

In the areas of rehabilitation medicine, physical therapy, occupational therapy, speech pathology, audiology and prosthetics and orthotics, the number of grant awards and the amounts provided have decreased by 50% since 1978. Last year the total training budget was only $19.2 million and in total those fields received only $4.7 million. This year, we are led to believe that these six disciplines will receive less than $4.7 million and that essentially the programs are on a phase-out plan. In FY 1978, the areas of rehabilitation medicine, physical therapy, occupational therapy, speech pathology, audiology and prosthetics and orthotics received a total of $8 million. In constant FY 1978 dollars, it would take about $11 million in FY 1983 to support training at the same level as FY 1978 for these 6 disciplines.

It would take about $42 million in FY 1983 using constant FY 1978 dollars to keep the whole program at the FY 1978 level.

There are also no other Federal programs available to support training in rehabilitation specialties for these disciplines I have mentioned. There is no physician training support in the field of rehabilitation medicine under the Health Professions Education program. The recent Senate Labor & Human Resources Committee report on health manpower programs indicated a major need for the training of specialists in physical medicine and rehabilitation and recommended that funds be expanded for that field, but under the Rehabilitation Act programs (Senate Report No. 97-124). Allied health training support has been completely eliminated from the HHS budget.

However, the need for trained professionals is still there and at levels no less than in FY 1978. This is no blind assertion but is documented by RSA's own study done in 1980 on manpower needs in response to a Congressional directive in the Rehabilitation Act. That manpower study found that these disciplines I have mentioned (and counseling) had shortages. Recently data from the study of the Graduate Medical Education National Advisory Committee has fully corroborated the RSA study in the field of physical medicine and rehabilitation showing a dramatic shortage of physicians in the field. Studies generally show that the current supply of physicians specializing in rehabilitation must almost be doubled by 1990. The number of physicians have not increased since the evidence of shortages arose. The number of occupational therapists practicing in adult rehabilitation programs has actually decreased by almost 20% since 1977. In addition, the number of graduates in occupational therapy programs has stayed even since 1977.

In the 1978 Rehabilitation Act Amendments, the Congress appropriately mandated that RSA develop a rehabilitation professional manpower plan in which needs in the various professional disciplines would be assessed and prioritized. That study established there is a need for additional physical therapists beyond the number of annual graduates. The APTA itself suggests a need for about 60,000 physical therapists which is at least 50% above the current supply. The Report indicates that there will be a rapid increase in demand for occupational therapists through 1985 and this is corroborated by the Bureau of Labor Statistics (BLS). Also, vacancy rates in hospitals are among the highest for occupational therapists in Public Health Service surveys during the 1970s. The Report also establishes a shortage of speech pathologists of about 20,000, or 50% of the current supply. In prosthetics and orthotics, the shortage problem is severe and comparable to that in medicine. Data indicate a need for 3200 to 3600 and a supply of about 2000. That Report showed that up to 4400 physicians specializing in rehabilitation medicine were needed in 1980 and only 1600 were now practicing in that field in 1980.

Rehabilitation services are also becoming more specialized and technology is improving rapidly. Each of these factors requires improved and expanded training of specialists. Universities are generally unable to expend funds for improved programs in these areas without Federal assistance. Examples of such improved and specialized care are rehabilitation programs for the spinal cord injured, and those with brain or burn trauma.

STATEMENT OF DR. JOHN DI TUNNO, IMMEDIATE PAST PRESIDENT AND BOARD MEMBER, AMERICAN ACADEMY OF PHYSICAL MEDICINE REHABILITATION

Senator WEICKER. Dr. John DiTunno, immediate past president and board member, American Academy of Physical Medicine and Rehabilitation.

Dr. DITUNNO. Mr. Chairman, Senator. I am testifying for the American Academy of Physical Medicine and Rehabilitation. This organization represents 1,800 board-certified physicians specializing in physical medicine and rehabilitation. My testimony deals with research and the budget for the National Institute of Handicapped Research.

The National Institute of Handicapped Research is the only research organization whose mission is rehabilitation research. The programs of the Institute are basically three: first, research and training centers; second, rehabilitation engineering centers, and third, research and demonstration projects.

Allow me to discuss two areas of research advancement in the field of rehabilitation to provide you with a sense of the possibilities of the field.

The first area is nerve and muscle regeneration. Prevention of further deterioration of nerve and muscle function is important as is the effect of treatment and therapy. Advances in our understanding of the use of electrical stimulation, exercise, drugs, and other physical measures need to be more precisely measured in dosage and in outcome.

Too little treatment may be ineffective; too much may do further harm to recovering nerve and muscle. An example of this is the electrical pacing of the phrenic nerve, which allows patients with paralysis to breathe.

The economic value of this research is significant. Better measurements of outcome are needed to demonstrate that the individual becomes more independent socially and vocationally.

A second area of research is the organization of systems of care for specialized disabilities such as spinal cord injury. Based on research performed in a number of rehabilitation research centers for care of the spinal-cord injured, it was determined that a number of factors were critical to long-term quality care. Rehabilitation care had to begin at the onset of injury and be integrated into the acute care during medical and surgical stabilization.

Early psychological and vocational services were needed. Prior to this, medical care was fragmented and did not provide a timely and integrated approach. Originally 10 and currently 17 model systems with the National Data Center demonstrate extraordinary findings.

This system of care showed a cost savings of $100,000 per case, an additional saving and return to work, and healthy independent living.

Well, these efforts are no longer research ventures; there is a need for further investigation. The next phase is the development of improved methods of treatment for spinal cord injuries.

It is also important to apply this successful model to the demonstration of effective systems for other disabilities, such as head trauma and burn trauma.

Unfortunately, the support for rehabilitation research has not kept pace with the potential for advances in the field.

In charts attached to my written testimony there is evidence of a decline of spending since 1969 in dollars indexed for inflation.

A related chart shows the National Institutes of Health to be slightly above the 1969 index dollars, but the NIHR is only one-third of the 1969 level in index dollars.

For fiscal year 1983 support for only 22 percent of all applications was available. Areas that were approved with high scores but not funded included rehabilitation research in arthritis, spinal cord injury, mental retardation, functional assessment, improved management of vocational rehabilitation services, and functional electrical stimulation.

We recommend a research budget for fiscal year 1984 of $40 million.

Thank you, Senator.

Senator WEICKER. Thank you very much, Dr. DiTunno.

Senator Rudman.

Senator RUDMAN. Mr. Chairman, did I understand the doctor to say that he wished to see some of those funds switched from RSA, the research funds, to NIH?

Dr. DITUNNO. NIHR. That is correct, sir.

Senator Rudman. Yes; will you give us the reason for that, please?

Dr. DITUNNO. Well, currently, this program is moving more into a research mode, and it would be more appropriately administered under the National Institute of Handicapped Research, in this research mode of collaborative research and clinical trials.

Senator RUDMAN. Thank you.

Senator WEICKER. Thank you very much.

[The statement follows:]

STATEMENT OF DR. JOHN DITUNNO

I am testifying today for the American Academy of Physical Medicine and Rehabilitation of which I am immediate Past President and a member of the Board of Governors. The Academy is an organization of the 1200 board-certified physicians who specialize in physical medicine and rehabilitation. My testimony today deals with research and the budget of the National Institute of Handicapped Research (NIHR).

Let me start this testimony by indicating on the record how delighted the rehabilitation research community is with Dr. Fenderson, the Director of the NIHR, who was appointed and installed only this January. He has already established his mark on the Institute and on the research community. He is a knowledgeable advocate for research and for rehabilitation.

The NIHR is the only research organization whose mission is rehabilitation research reflecting all aspects of the rehabilitation process: medical, psychological, social, vocational, engineering and environmental. Its statutory mission is to support rehabilitation research and to coordinate all research sponsored by Federal agencies dealing with research affecting the handicapped. The programs of the Institute are three basically: support of rehabilitation research & training centers, support for rehabilitation engineering centers, and support of research and demonstration projects to institutions including research utilization projects and international research projects.

Let me briefly discuss, by way of example, two areas of research advances and opportunities in rehabilitation to provide you with a sense of the possibilities of this field of research.

First, I would like to discuss the area of nerve and muscle regeneration. Most of you will think of the area of spinal cord regeneration but, while this is an area of great interest, and is a major focus of basic research at the NIH, rehabilitation medicine is very involved in regeneration of peripheral nerves and of muscles in many areas of disability.

Developing new life and function in damaged nerves and muscles is critical to the physical restorative aspects of rehabilitation. We are equally concerned with further damage to nerves and muscles of disabled people which certain forms of treatment and therapy may cause. Various methods are currently in use to regenerate nerves and muscles including electrical stimulation, exercise, drug treatment and heat and light treatment. Many advances have been made in stimulating nerve development and in exercise as a restorative measure for heart patients. However, there are issues as to "dosage" levels in any therapy and much more must be learned to determine, for example, when exercise levels may cause damage to important muscles or nerves in disabled individuals. A good example of the risk of treatments is in bracing for those with high level paralysis which can cause severe damage to the phrenic nerve and breathing capacity.

The economic value of this kind of research is very significant. Finding the appropriate means to regenerate peripheral nerves or muscles so as to restore function in limbs, or speech for example, has tremendous economic value to society for it will render the individual more independent socially and vocationally.

A second area of research I would like to discuss is related to the organization and delivery of systems of care for specialized disabilities. Based on research done in a number of rehabilitation research centers on the care of the spinal cord injured, it was determined that a number of factors were critical to long-term quality care. First, rehabilitative medical care had to begin within a few weeks at least of the injury. Second, it should be integrated with acute care such as neurosurgery. Third, early psychological and vocational counseling and services were important. Finally, it was established that most medical care did not provide for an integrated approach to assure the timely application of acute care and rehabilitative medical care and social and vocational services. As a result, demonstrations were begun with organized systems of care shaped to the needs of the spinal cord injured. Originally, ten demonstration, model care systems were created to test in application these findings. Sixteen demonstration systems now exist with a national data center. The findings are extraordinary. These systems of care save over a very short period of time close to $100,000 per case just in medical care needed. In addition, the savings over time based on a return to work and lowered or terminated income support payments are equally great.

These systems of care for the spinal cord injured are no longer research ventures. While some research is needed on methods to refine and improve the system, it is generally accepted that it works. The frontier for research is now in developing improved treatments for spinal injury through collaborative research and clinical trials by these centers. It is also important to begin demonstrations of service systems for other disability areas similar to spinal cord such as head trauma and burn trauma. We believe that it is time the spinal cord injury system program be transferred to the NIHR from RSA and that it become a program of collaborative research among the systems which are for spinal cord injured patients. These 17 systems are perfect institutions through which NIHR can conduct a targetted program of research directed at improving specific treatment methods and care of the spinal cord injured.

The FY 1984 NIHR Budget

Support for NIHR and its predecessor research program is distinguished by a markedly poor record. The amount of support in FY 1983 is less than the $30 million spent in FY 1969 and the FY 1984 level is likewise $30 million. The FY 1984 budget has literally no funds for new projects; all but perhaps $1 million is committed already. I am attaching a chart to my testimony showing the decline in spending since 1969 in dollars that are indexed for inflation and those that are not. A related chart shows funding for the NIH during the same period reflecting indexed and unindexed dollars and showing the dramatic rise in disability payments in both constant and unindexed dollars. While NIH is a bit above its 1969 level indexed dollars, NIHR is at only 1/3 of its 1969 level in indexed dollars. I am indebted to Dr. Moriarity of the University of West Virginia for these charts.

We are indebted to this Subcommittee for improvements in funding over the past decade. We are particularly indebted to Senator Eagleton for his commitment to this program over the years. Without his efforts and those of this Subcommittee, the appropriations for NIHR might well be only $20 million - a level to which the program fell during the years FY 1973 to FY 1975. You will note this precipitous decline from FY 1972 to the years FY 1973-75 on the attached charts at the end of my testimony - the bottom chart on the page. The increases from FY 1972 to FY 1978 were produced by this Subcommittee in response to proposals of Senator Eagleton. Likewise in FY 1983, the increase to $30 million was a result of action by this Subcommittee in response to an amendment offered by Senator Eagleton. We do not want you to think we are unappreciative therefore. But we still are in a reasonably bad budget posture.

In FY 1983, most all of NIHR's funds were awarded to new centers and projects based on a national competition. In that competition, 228 applications were submitted but funds were available to support only 48 centers and grants or about 22% of all applications submitted. This rate of support is less than that of NIH for example. 38 centers and projects had scores that were sufficiently good that they were approved to be funded if funds were available. It would cost about $12 million to funds those 38 approved centers and projects. 25 of those centers and projects had exceptionally high scores of 375 or above on a range of 0 to 500. This data shows what the research community has suspected: that there is great interest and substantial research capacity in the rehabilitation field. Scores of 375 or above compare favorably to NIH and would be sufficiently meritorious to be funded by NIH.

Areas in which NIHR applications were approved and scored very highly but were unfunded include rehabilitation research in arthritis, spinal cord injury, mental retardation, functional assessment, service delivery in rural areas, improving management of vocational rehabilitation services, and electrical stimulation of function. In addition, a number of major research areas in the rehabilitation field have little or no support: pediatric rehabilitation, engineering research related to the physical environment affecting the handicapped.

Our Proposed NIHR Budget

We recommend a research budget for the NIHR in FY 1984 of $40 million. This amount is still far less than the level needed to provide the Institute with its 1969 level of funding indexed to the present to account for inflation. A $40 million budget would provide the NIHR with only about $10 million for new research since literally the entire $30 million in the President's FY 1984 budget is already committeed to projects started in either FY 1983 or prior years. An additional $10 million would enable the NIHR to undertake the following initiatives:

1) A research training program funded at about $1.5 million which would support some 75 research trainees. No program of this nature presently exists despite the fact that all experts agree that a research training program is essential to a good research program generally. Dr. Fenderson, the new Director of NIHR, said as much in testimony before the Senate Subcommittee of the Handicapped. He indicated that he would try to start such a program in FY 1983 but might have only $300,000 to do so.

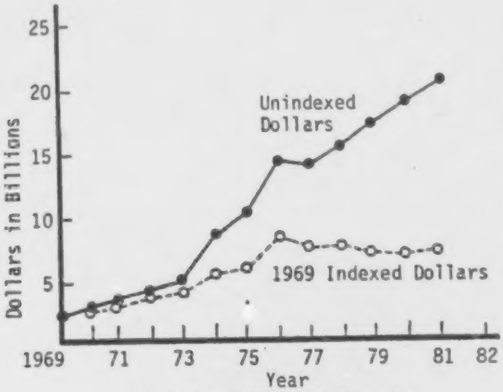
2) A new program to provide research grants to individual scientists rather than institutions, and support the best projects of their creation and design rather than those directed by the agency. It is essential to have such a program supporting research ideas initiated by individual scientists. The great success of NIH has been built on this system. Such a program, funded at $4 million, would support about 60 to 70 new research grants funded at $60,000 to $70,000 per grant.

3) A grant program funded at $4.5 million to support centers in new priority areas and to support some of the highly meritorious, approved, unfunded and minimally funded projects of FY 1983. Approximately 12 to 15 of such grants could be made.

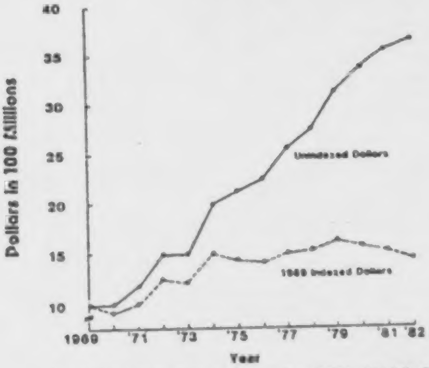
The figures we have used relative to each of the three priority areas should not be treated as earmarks of funds, however.

We have great respect and trust in the new Director of NIHR and believe that he should be allowed maximum flexibility in allocating funds in order that the best possible research be funded.

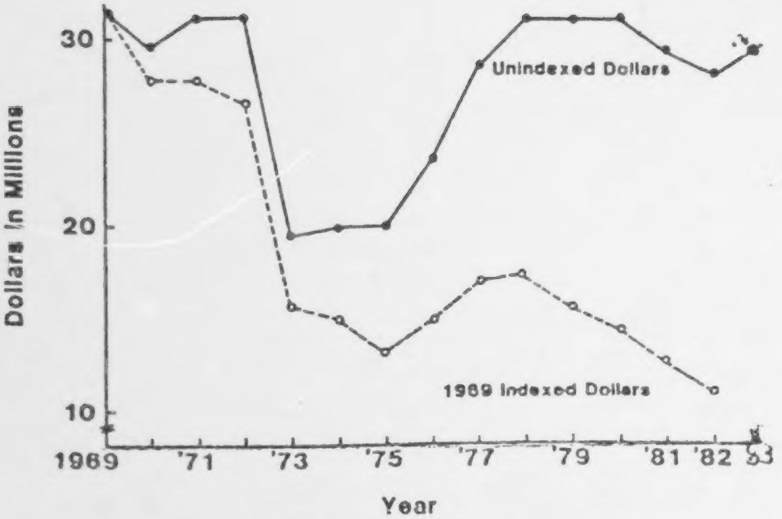
We also recommend, as I mentioned earlier, a transfer of the $4.5 million spinal cord injury systems budget to NIHR from RSA. Both organizations are authorized to administer the program under current law. The program is largely a research activity, however, and should be more sharply focused on research. NIHR is the best agency to administer such a program of research.



Combined SSI Disability plus SSDI Payments



Annual Appropriations for NIH, 1969-82



Annual Appropriations for NIHR, 1969-82

STATEMENT OF BRUCE A. ARCHAMBAULT, CHIEF, NEW HAMPSHIRE VOCATIONAL REHABILITATION DIVISION, COUNCIL OF STATE ADMINISTRATORS OF VOCATIONAL REHABILITATION

Senator WEICKER. Senator Rudman, would you like to call the next witness?

Senator RUDMAN. I would be pleased to call Bruce Archambault, who is the chief of the New Hampshire Vocational Rehabilitation Division, and we welcome you to the hearing, Mr. Archambault, and we are pleased that you could come down and testify today.

Mr. ARCHAMBAULT. Thank you, Senator, Mr. Chairman.

It is a privilege for me to be here today to provide testimony. I am the director, as Senator Rudman said, of vocational rehabilitation in New Hampshire, but today it is also my privilege to represent the Council of State Administrators of Vocational Rehabilitation.

It is an organization that comprises the 50 States, the District of Columbia, and its territories. It is the State partner. In the public program, it provides rehabilitation services to adults with mental and physical disabilities to prepare them for jobs.

I have given, Senator, written testimony. Today I am going to confine my remarks to some of my own personal experiences.

My entire adult life has been dedicated to working with adult persons with mental and physical disability. I have personally witnessed individuals who were completely dependent on society who became self-sufficient wage earners and tax supporters because of your support, and they no longer require the social service support systems.

The vocational rehabilitation program is, in my judgment, the most complete accountability program in the human service field. It is the most cost-effective program in our Nation's history.

In 1982, the basic support program, the basic State grants which I am talking about today, received an appropriation from the Congress of $863 million. With these dollars, some 958,537 disabled individuals were served, and some 226,924 found jobs.

In these difficult economic times, there is no program that is more antiinflationary than vocational rehabilitation. More than $10 is returned to the economy for each dollar spent.

This year the Congress has appropriated $943.9 million for basic State grants. We ask that you appropriate $1,037,800,000 in fiscal year 1984 to again allow and permit the States to help people who want to help themselves.

Persons with disability do not want charity. They want an economic opportunity. We, the States, have witnessed an enormous eroding of the value of the dollars and, yes, the resources to rehabilitate handicapped persons these last few years.

We also lost, as you know, $119 million which was available to us through the social security trust fund. We are also expected to serve the most severely disabled persons, which cost more money.

When I became a rehabilitation counselor some 25 years ago, we rarely encountered persons with severe spinal cord injury, brain injury, or renal or kidney failure. Now it is commonplace, but it does cost considerably more dollars.

My brief remarks have centered on the basic State grants. We also support independent living, research and training, et cetera, which need your support, but will be covered by other presenters today.

We thank you for giving us a bill of rights for the disabled. Adequate support in the amount of $1,037,800,000 for fiscal year 1984 is urgently needed if we are to show the disabled that the development of their potential is important to the development and growth of this Nation.

Thank you.

Senator RUDMAN. Thank you very much, Mr. Archambault. Again, we appreciate your coming down and testifying, and I particularly appreciate the job you do up in our State.

Mr. Chairman, do you have any questions?

Senator WEICKER. Well, I just would like to say that in what has been a very difficult couple of years, vis-a-vis the administration, you ought to know that your Senator from New Hampshire has stood 100 percent with the chairman on funding for the disabled, for the retarded, for the vocational education, et cetera. He has been terrific, and I wish I could say the same for all of my colleagues. I can't, but Warren Rudman is a heck of a fighter, and I like a fighter.

I just found out yesterday, as a matter of fact, he used to prize fight. [Laughter.]

Mr. ARCHAMBAULT. Used to be my Attorney General, too.

Senator WEICKER. But, believe me, you have a great advocate down here in Washington in the sense of what you represent at the hearing today.

Mr. ARCHAMBAULT. We appreciate that, Mr. Chairman. Thanks again.

[The statement follows:]

STATEMENT OF BRUCE A. ARCHAMBAULT

The Council of State Administrators of Vocational Rehabilitation is an association comprised of all of the chief administrators of the public rehabilitation agencies providing services to persons with disabilities in the fifty states, the District of Columbia, and our Nation's territories. These agencies constitute the state partners in the State-Federal Program of Rehabilitation Services for persons with mental and physical disabilities provided by the Rehabilitation Act of 1973, P.L. 93-112, as amended. This 63-year-old program is the major resource for, and the state rehabilitation agencies are the primary providers of, rehabilitation services to handicapped citizens in this Nation.

The Rehabilitation Act is the most complete and well-balanced legislation in the human services field. In one Act, provisions are included for (1) a comprehensive and individually-tailored program of services to physically and mentally handicapped individuals; (2) an innovation and expansion program; (3) a training program; (4) a research program; (5) a special projects program; (6) a rehabilitation facilities program; (7) an employment program; (8) and a comprehensive services program for independent living. This balanced emphasis embodies the elements necessary for a successful rehabilitation program to be provided through a nationwide network of public and private service providers.

It is--bar none--the most cost-effective program in our Nation's history.

BASIC STATE GRANTS: VOCATIONAL REHABILITATION SERVICES
(Section 110)

FY 1984 AUTHORIZATION.......................PENDING
FY 1984 CSAVR Recommendation.........$1,037,800,000

Basic State Grants are the lifeblood of the Vocational Rehabilitation Program. It is this section of the Act which funds the provision of vocational rehabilitation services to individuals with mental and physical disabilities. These Federal dollars, matched with state money at a ratio of 80% to 20%, permit a State Rehabilitation Agency to provide, or contract with private agencies and organizations to provide, individualized, comprehensive services for the purpose of rendering "employable" eligible, handicapped persons. Such services may include evaluation; comprehensive diagnostic services; counseling; comprehensive physical restoration services; prosthetic devices; various kinds of training and training supplies; placement; placement tools and equipment; transporation, post-employment services; placement follow-up; and any other service needed to rehabilitate an individual into employment.

The people served by the program include people with heart conditions, blind persons, deaf persons, amputees, persons with mental disabilities, diabetics, mentally retarded persons, or persons who have many other chronic, disabling conditions incurred through accident, illness, or birth.

In Fiscal Year 1982, the $863,040,000 appropriated for Basic State Vocational Rehabilitation was used by State Rehabilitation Agencies to serve 958,537 disabled individuals, of which 226,924 were rehabilitated. Despite this expenditure, there still are not sufficient funds to serve all those eligible, disabled persons who have the potential and desire to work and who need rehabilitation services to attain employment or self-sufficiency. Alarmingly enough, our best estimate is that State Rehabilitation Agencies were only able (based on the FY 1982 appropriation of $863,040,000) to serve one out of every twenty people who were eligible for such services.

For the Rehabilitation Program to live up to, not only its potential, but even to its past achievements, we urge both the Congress and the Administration to support this vital program in every conceivable way.

We urge the Congress to honor its legal commitment to fund this program at the "entitlement" level. This year the Congress, in a Continuing Resolution, which expires on September 30, appropriated $943.9 million for this Program, and the Administration's Budget for FY 1984 recommends level funding of Basic State Grants at this same amount.

The Council strongly urges that the Committee provide appropriations for Basic State Vocational Rehabilitation Services under Section 110 of the Act in the amount of $1,037,800,000, for Fiscal Year 1984. This amount is desperately needed if the program is to continue services to individuals with the most severe handicaps. Nevertheless, even this will not allow the proper fulfillment of the mandates of the Act.

State Rehabilitation Agencies, in carrying out the mandate of the Act to give priority of service to the rehabilitation of the severely handicapped, are finding that the costs--in terms of time, effort, and money--of serving this group are great--much greater than the cost of rehabilitating the less severely disabled. This means that the program is serving fewer people, while expending more money for adequate services, adequately trained staff, adequate equipment, and adequate facilities. To illustrate, in FY 1981, the last year for which statistics are available, the mean cost for services to severely handicapped individuals who were rehabilitated was $1,640 per person, while the mean cost for non-severely handicapped persons was $1,075 per person. It is 52.6 percent more costly to rehabilitate a severely handicapped person.

It is important to remember that the justification for higher funding levels stems from the purpose for which the money is spent--the prevention of an incalculable waste of human potential--a purpose on which no price tag can be placed. Whether the cost is hundreds of millions or hundreds of thousands of dollars, there is no other human service program where funds are spent in such a cost-effective fashion to help people live more self-sufficient and productive lives.

Vocational Rehabilitation has continually more than paid for itself by helping handicapped people increase their earning capacity; by freeing some other family member to work; or by decreasing the amount of welfare payments, health services, and social services they might need; and by assisting them to become taxpayers.

The Congress must continue to view the funds appropriated for Basic State Grants as being a sound investment of the public's money.

COMPREHENSIVE SERVICES FOR INDEPENDENT LIVING (TITLE VII)

FY 1984 Authorization................PENDING
FY 1984 CSAVR Recommendation......$45,000,000

Title VII of P.L. 95-602 established a state grant program to provide Comprehensive Services for Independent Living designed to meet the current and future needs of individuals with disabilities so severe that they do not presently have the potential for employment but may benefit from rehabilitation services which will enable them to live and function independently.

The existing Independent Living Centers across the country have proven--and continue to prove on a daily basis--the effectiveness of, and the need for, the full implementation of the independent living concept.

However, we need desperately to supplement the services provided by the existing Centers. This can be done by implementing the already authorized--yet unfunded--statewide service delivery system in independent living for the severely disabled, under Title VII, Part A.

The CSAVR's recommendation of $45 million in appropriations for FY 1984 for Title VII is justified based on the need for devising an equitable state distribution procedure for Part A Service Grants; allowing a continued adequate funding base for the Centers for Independent Lving as authorized under Part B; and funding for the first time an Older Blind Individuals' Program, as authorized by Part C.

RESEARCH (Section 201 (a)(1))

FY 1984 Authorization.....................Pending
FY 1984 CSAVR Recommendation..........$37,500,000

The Rehabilitation Act Amendments of 1978 established a National Institute of Handicapped Research, located in the Department of Education.

The Council's request of $37.5 million for Fiscal Year 1984 is clearly justified by the numerous new research authorities included in the Act, as well as the need to continue to support, and expand, the Rehabilitation Research and Training Centers; the Research and

Demonstration Projects; and the Bioengineering Centers. The Rehabilitation Research and Training Centers are currently supported at approximately $15.2 million, and there are some 31 Centers to be funded in FY 83. Many of these have not even had a cost-of-living increase in the past few years.

TRAINING GRANTS (Section 304(e))

FY 1984 Authorization.........................Pending
FY 1984 CSAVR Recommendation............$25,500,000

This is a time when staff competency should be strengthened to deal with new authorities in the Act, and with the increased number of severely disabled people that the program is serving. The specialized rehabilitation professions, such as those in areas of counseling, work evaluation, rehabilitation medicine, rehabilitation nursing, and rehabilitation facility administration, do not have long histories and, in fact, are the creations of the training programs under the Rehabilitation Act. The Council believes that these programs should continue to receive support, so that progress may continue to be made in upgrading the quality of professional services to the handicapped and to develop new professions which are emerging with respect to providing services to severely handicapped people.

The most critical training program now facing State Rehabilitation Agencies is the need to upgrade the skills of rehabilitation personnel currently employed by the Agencies. With new technologies, and with the continued emphasis on the provision of services to persons with severe disabilities, there is a serious need for priority to be placed on In-Service Training Funds for the State Rehabilitation Agencies.

Since these training programs are critical to the field of Rehabilitation, and since they receive no major support from any other source, the CSAVR recommends that $25.5 million be appropriated under Section 304(e) for Fiscal Year 1984.

Attached is a chart showing the recommendations of the CSAVR for the major programs that are authorized by the Rehabilitation Act. With respect to other Rehabilitation Act programs not listed on the chart, the CSAVR joins with the recommendations that have been provided to the Committee by the various organizations that comprise the Rehabilitation Coalition, and the Consortium for Citizens with Developmental Disabilities.

COUNCIL OF STATE ADMINISTRATORS OF VOCATIONAL REHABILITATION RECOMMENDATIONS FOR APPROPRIATIONS FOR REHABILITATION SERVICES FOR FISCAL YEAR 1984

ITEM	APPROPRIATIONS FY 1983	AUTHORIZATIONS FY 1984	CSAVR RECOMMENDATIONS FY 1984
BASIC STATE REHABILITATION SERVICES Section 100(b)(1)	$943,900,000	pending	$1,037,800,000
COMPREHENSIVE SERVICES FOR INDEPENDENT LIVING Title VII	17,280,000	pending	45,000,000
NATIONAL INSTITUTE OF HANDICAPPED RESEARCH Section 201(a)(1)	30,060,000	pending	37,500,000
REHABILITATION TRAINING Section 304(e)	19,200,000	pending	25,500,000

STATEMENT OF DIANE AFES, DIRECTOR OF PATIENT SERVICES, NATIONAL MULTIPLE SCLEROSIS SOCIETY

Senator RUDMAN. We will call Diane—I believe I pronounce it correctly—Afes, director of patient services, National Multiple Sclerosis Society.

Ms. AFES. Afes.

Senator RUDMAN. Afes, thank you.

Ms. AFES. Good morning.

Senator RUDMAN. Would you like to proceed? We are going to just do a little chair switching here.

Ms. AFES. OK. I represent the local chapter of the Multiple Sclerosis Society, the Metropolitan Washington area.

We have some general recommendations for the record, but I am basically here this morning to talk about the need for increased funding for RSA special projects demonstration grants, section 311 of the Rehabilitation Act.

Two and a half years ago, my chapter received a special projects grant. We wanted to demonstrate that many persons with multiple sclerosis want to work and can work if given the proper assistance from both the MS Society and vocational rehabilitation agencies.

We developed an employment model which we think may be a better service delivery system, not only for multiple sclerosis, but also for other chronic disabilities which occur in adulthood.

I would like to give you three components of the program which we think are unique. The first is a group rehabililtation process, which is very different from the traditional vocational process of one-on-one vocational counseling.

The second is what we call the peer factor. MS peer counselors work with professional staff, with trainees, to prepare them to share coping tips and job-seeking skills.

MS is a disease of loss, and unfortunately the fear of more loss. So these MS peer workers act as role models for the trainees.

The third factor is a networking system. It is an outreach program to employers, and we train—we work with trainees to network to find the right job, and about 60 percent of them find jobs through this process.

We believe that this group process is cost effective, and it is also a better use of staff time, but the bottom line is it works.

Of the first 132 persons who completed this program, 74 of them are now working in competitive employment, and that is a 56-percent placement rate. The rest are enrolled in both training and advanced education programs to prepare them for future employment.

The amount of the grant is a little over $100,000 a year for 3 years, and already the combined annual salaries of this first 74 amounts to over $500,000. So we hope that this demonstration will now reverse the previously held notion that many MS persons are too sick to work. It is simply not true.

So we would like to take this job placement model another step and get it implemented into the VR system itself where it belongs, and we would model it in Virginia, Maryland, and the District of Columbia, but hopefully it could be replicated across the country.

For these and other reasons, the MS Society supports the increased budget for RSA special projects funding at $12.2 million for 1984. That is $1 million more than last year.

We also support the positions of the Rehabilitation Coalition and specifically, we urge expanded funding for part A of the independent living program, projects with industry, and the National Institute for Handicapped Research.

Thank you.

[The statement follows:]

STATEMENT OF DIANE AFES

My name is Diane Afes. I am the director of patient services for the National Capital Chapter of the National Multiple Sclerosis Society serving the District and parts of Maryland and Virginia. Nearly 3 years ago we received a Federal grant from the Rehabilitation Services Administration under the "special demonstrations program" authority—section 311 of the Rehabilitation Act. Our task was to demonstrate how to help persons with multiple sclerosis return to competitive employment.

Last year, before this subcommittee an individual with MS who had returned to work as a result of our program told his personal story. Before I present the broader areas of concern of the National Multiple Sclerosis Society, I want to summerize the results of our employment project.

To date, we have had 132 persons with multiple sclerosis complete the program; 74 are currently employed in competitive jobs (that is 56 percent.) Most of the rest are involved in transitional, training, or education programs. While the amount of the grant is a little more than $100,000 per year the combined annual salaries of those 74 persons is more than $500,000. Our slogan is: "Thank God it's Monday." We have proved—in the face of previous widespread skepticism—that many persons severely disabled by multiple sclerosis can return to employment. Obviously the most compelling aspect is the changes this has caused for 132 individuals and their families. But, there are also major implications for improving the effectiveness and efficiency of the State vocational rehabilitation agencies.

In 1977 the National Multiple Sclerosis Society, the Rehabilitation Services Administration and the Council of State Administrators of Vocational Rehabilitation signed a joint statement of principles of cooperation which set forth a detailed plan for improving and expanding VR services for persons with MS. Since then, numbers of persons with MS served and rehabilitated has doubled, even though overall totals for State agencies have decreased sharply. Four demonstration projects are substantially completed. one other is underway. A national training workship was held. Several research projects were completed and a new research and training center for MS rehabilitation research was established at Albert Einstein College of Medicine in New York City. This year we have written and signed a new cooperative agreement which includes the National Institute of Handicapped Research and spells out the goals and objectives of the second stage program.

The effort envisioned by the four parties to the cooperative agreement and their subsidiary chapters, agencies, offices, and grantees will require appropriations in fiscal year 1984 which will enable new projects in the areas of special demonstration programs, training, projects with industry, and rehabilitation research. Sufficient resources for the State VR agencies to sustain and expand their efforts with the severely disabled is an important basis for continuing success, and we believe it is finally time to begin the provision of independent living services as authorized in title VII, part A.

As part of the voluntary sector, the National Multiple Sclerosis Society has been making unique and important contributions to an improved and expanded rehabilitation system. At the chapter and clinic level as well as at the national level we have played our role in reversing what was previously a very negative view of the rehabilitation of persons with multiple sclerosis. We intend to continue this effort. In fact, based on the initial success in the past 6 years, we hope to expand our work in a cooperative fashion. Adequate Federal resources will not only help us to achieve the basic goals we share, but will be one of the best investments by the Federal Government.

We are submitting for the record written testimony which spells out specific appropriations requests, details our concerns in this budget area, and describes our interest in biomedical research and clinical trials.

Thank you for this opportunity to present our success and hope for the future.

STATEMENT OF JOHN D. HALOTEK, EXECUTIVE DIRECTOR, UNITED CEREBRAL PALSY ASSOCIATION OF GREATER HARTFORD, CONN., UNITED CEREBRAL PALSY ASSOCIATIONS, INC.

ACCOMPANIED BY KATHY ROY, GOVERNMENTAL AFFAIRS OFFICE, UNITED CEREBRAL PALSY ASSOCIATIONS, WASHINGTON, D.C.

Senator RUDMAN. Our next witness will be John D. Halotek, executive director of the United Cerebral Palsy Association of Greater Hartford, Conn.

Welcome. Thanks for coming down.

Mr. HALOTEK. Good morning, Senator.

Senator RUDMAN. Good morning.

Mr. HALOTEK. On behalf of the United Cerebral Palsy Association, I would like to take this opportunity to thank the committee for allowing us to provide testimony on the 1984 appropriations affecting those programs for people with developmental disabilities.

Senator WEICKER. John, do you want to introduce those accompanying you to the witness stand?

Mr. HALOTEK. Oh, yes. I didn't notice she was with me. She is so small.

But my mentor. Kathy Roy, who is with our governmental activities office here in Washington.

Senator WEICKER. She is the more important one, because she is the one that keeps the eye on Senator Rudman and myself while you are up in Connecticut. [Laughter.]

Mr. HALOTEK. There is no question about that. We have been working the past several hours making sure that I got what I was going to say accurately stated in one way or another.

As I said, we would like to address those issues dealing with the appropriations, and we have several areas that we would like to talk about with you, and in addition, we do have the prepared statement, which I believe was submitted perhaps back in April.

The first issue deals with special education, Public Law 94-142, which is of paramount concern to United Cerebral Palsy, because it is a partnership between the Federal Government and State and local education agencies to provide an appropriate free education for children with physical and mental disabilities.

In Connecticut, we have always considered ourselves to be a leader in special education, and as a matter of fact, back in the early 1940's the first preschool program was started by parents for children with cerebral palsy, and that program gave birth to my agency.

We only conducted that program until the enactment of Public Law 94–142, when we disbanded our program. And the reason we did that is because we felt referring the children to the public education systems would provide them with a more comprehensive education. The moneys were there. We felt that the sending of children to neighborhood schools, with an integrated classroom, would provide a more appropriate educational setting for them.

And with that, we feel that adequate funding for special education programs will guarantee continued growth and development. Therefore, we recommend that Public Law 94–142, part B be funded at $1,321,900,000.

Another concern of United Cerebral Palsy has been the preschool incentive grant program under Public Law 94–142, and this is an early intervention program for children ages 3 to 5. This program is currently receiving $25 million and received no cost-of-living increase for the past 3 years.

Thus, we join with the Consortium of Citizens with Developmental Disabilities in urging that the program receive $26.25 million, which represents a 5-percent increase over 1983.

The next issue is vocational rehabilitation. In this particular 63rd year of its anniversary, apparently the program has proven itself cost effective, and as we all know, the purpose of the program is to provide jobs for people who are physically and mentally disabled.

Our DD counsel in Connecticut is sponsoring the program with our division of vocational rehabilitation, a private, nonprofit agency with projects for industry and key business people, to identify what needs to be done to place severely, multiply handicapped with mentally alert people in competitive employment.

This task would be easier if Connecticut had a developmental laboratory to do research and development in such areas as adapted evaluation and bioengineering.

UCP joins the Consortium for Citizens with Developmental Disabilities and the Council of State Administrators and Vocational Rehabilitation in recommending that the vocational rehabilitation State grant receive $1,037,800,000 for fiscal year 1984.

One of the most exciting innovations over the last decade has been programs of independent living. Vocational rehabilitation alone cannot make a person independent.

We have two centers for independent living in Connecticut, both funded under the Rehabilitation Act. The centers are struggling to coordinate vocational rehabilitation services and independent living training to create a transition from dependence to independence.

In Bridgeport, the center is receiving a national developmental disabilities grant to computerize their coordination of service delivery in that area. In Hartford, we are negotiating with that center to share clients and resources.

In Connecticut, as in most States, the need for independent living continues to far exceed the available funds.

UCP joins with the Consortium for Citizens with Developmental Disabilities and others in recommending that independent living programs receive $45 million for fiscal year 1984.

I am trying to speak quickly.

Senator WEICKER. That red light has been lit for a while.

Mr. HALOTEK. I see.

Senator WEICKER. I want to be just as tough on my own. [Laughter.]

Mr. HALOTEK. OK.

Senator RUDMAN. That is all right, you go ahead and finish your statement. [Laughter.]

Mr. HALOTEK. The National Institute of Handicapped Research promotes expanded research in both traditional and innovative fields of rehabilitation. I will only focus on one area, and that is the area of engineering toward employment.

I think that the research that UCP has done has indicated that the link between the disabled and employment is bioengineering.

Thus, we feel that the National Institute of Handicapped Research should be encouraged to share the important research they are doing.

We join with the Consortium of Citizens with Developmental Disabilities in recommending that the National Institute for Handicapped Research receive $35 million for fiscal year 1984.

With regard to title XX funds, in the State of Connecticut, title XX block grants have worked. The developmental disabilities population has been targeted to receive block granting. Basically, that was for our mentally retarded population.

In Connecticut, the block grant has played a significant role. So, therefore, UCPA joins with the Consortium of Citizens with Developmental Disabilities in recommending that the committee appropriate the full authorization level of $2.5 billion for fiscal year 1984.

Developmental disabilities, which is an act very close to my heart because it is a very innovative program—in my affiliate, we received two developmental disabilities grants which brought us out of infancy into adolescence and adulthood.

Back in the early 1970's, we received a 3-year grant for $114,000. That has enabled us to create a $600,000 program. Several years back, we received a small grant of $40,000, which we have been able to use as leverage to create $775,000 to build a housing complex which will open up before July 1.

Also, in Connecticut we are using these funds as a model for our deinstitutionalization program. The moneys are being used as syndication so that the State can go forward with its program of deinstitutionalization for those people who are mentally retarded.

We recommend that the program receive $45,339,000 for fiscal year 1984.

Protection and advocacy is a major component of the Developmental Disabilities Act, because it is the spokesperson for those people who are in institutions and receiving inadequate care. They are also the spokesperson for people who are out in the community, and finally for parents who are looking for services for their children, they are able to point the direction.

I think during these times, with dwindling dollars, this very vulnerable population that most of us are serving needs a spokesperson to articulate their needs.

Finally, maternal and child health block grants. The maternal and child health block grant provides Federal assistance to States for health services for pregnant women, infant children, adolescents who would not otherwise have access to needed health care.

The prevention of cerebral palsy has long been a priority of my agency. Over the past 20 years, the incidence of cerebral palsy has been cut in half, and we fear that if the appropriations are reduced this trend could easily be reversed.

We are pleased that Public Law 98-8 contains an additional $105 million for the maternal and child health block grant, bringing the total to $478 million in fiscal year 1983.

We will continue to work with the committee to assure adequate funding. I thank you for your time and a little bit extra that you gave me, and I will be happy to attempt to answer your questions with the help of Kathy Roy.

Senator RUDMAN. Thank you very much. I appreciate your testimony.

Senator WEICKER. No questions on your very complete testimony.

[The statement follows:]

STATEMENT OF JOHN D. HALOTEK

INTRODUCTION

Testifying today on behalf of United Cerebral Palsy Associations, Inc., is Mr. John D. Halotek, Executive Director of UCP of Greater Hartford, Connecticut. Mr. Halotek has an extensive background in advocacy, public relations, and fund-raising. He has worked for United Cerebral Palsy Associations, Inc. since 1970 and therefore has an in-depth understanding of the needs of persons with cerebral palsy and their families. UCPA of Greater Hartford has a number of programs serving persons with disabilities including a housing program for severely disabled adults, a dial-a-ride transportation system for clients of the affiliate, a therapeutic recreation program, a summer camp which provides approximately 144 children and adults with cerebral palsy with a meaningful camping experience, and a personal social development program for severely disabled adults. We are confident that the Committee will gain a greater understanding of the needs of persons with disabilities from Mr. Halotek's testimony.

The UCPA Governmental Activities office has recently completed a survey of 72 affiliates concerning the affects recent budget reductions have had on their programs. This survey will be cited throughout our testimomy. Of those affiliates who were surveyed, 73% have been adversely affected by a combination of economic conditions and federal budgetary reductions. It appears that severely disabled persons residing in the most economically depressed states have been affected the most. We would be pleased to provide the Committee with further information on this survey, should you so desire. Finally, UCPA co-chairs the Consortium for Citizens with Developmental Disabilities Task Force on Budget and Appropriations. We will also refer to the CCDD appropriations recommendations throughout our statement and will be pleased to answer any questions the Committee may have of these figures or on the Task Force.

SUMMARY OF UCPA APPROPRIATION RECOMMENDATIONS

(in millions)

	Appropriations			FY 1984	President's	CCDD
	FY 1981	FY 1982	FY 1983	Authoriz'n	84 Request	Recommend'n
DEVELOPMENTAL DISABILITIES PROGRAMS						
DD Basic State Grants	$ 43.18	$ 41.45	$ 43.18	$ 43.18	$ 24.674	$ 45.339
DD Protection & Advocacy Systems	$ 7.50	$ 7.68	$ 7.362	$ 8.00	$ 7.34	$ 8.40
EDUCATION OF HANDICAPPED CHILDREN						
PL 94-142 - State Grants Program	$ 874.10	$931.00	$970.00	$1,017.00	$998.00	$1,321.91
Preschool Incentive grants	$25.00	$24.00	$25.00	*	$25.00	$26.25
REHABILITATION RELATED SERVICES						
Vocational Rehabilitation State Grants	$ 854.259	$ 863.04	$ 943.90	*	$ 943.90	$ 1,037.80
Comprehensive Services for Independent Living	$ 18.00	$ 17.28	$ 17.28	*	$ 17.28	$ 45.00
BLOCK GRANT PROGRAMS						
Title XX Social Services	$ 2,991.00	$ 2,400.00	$ 2,450.00	$ 2,500.00	$ 2,500.00	$ 2,500.00
Maternal & Child Health	$ 457.25	$ 373.00	$ 373.00	$ 373.00	$ 373.00	$478.00

Reauthorization pending in Congress.

Education For All Handicapped Children Act

P.L. 94-142, the "Education for All Handicapped Children Act" remains of paramount concern to UCPA because it provides an important partnership for the federal government and state and local education agencies to work together to assure handicapped children a free appropriate public education. Prior to the enactment of P.L. 94-142, children with cerebral palsy and other types of disabling conditions were either not served by the public school system or received an education which did not meet their needs. Now, thanks to P.L. 94-142, approximately four million handicapped children are receiving special education and related services. In recent years the Congress has reaffirmed its commitment to handicapped children by assuring that P.L. 94-142 and its implementing regulations remain intact. We believe that Congress will continue this commitment to P.L. 94-142 so these children can become productive members of our society.

In recent years, this program has received modest increases in appropriations but the percentage of the National Average Per Pupil (NAPPE) expenditure paid by the federal government continued to decline. In the late 1970's the NAPPE federal contribution equaled 12% and today it is about 9.4%. The Administration's budget for FY 1984 acknowledges that their recommendation of $998 million dollars constitutes only 8% of the NAPPE. State and local governments are experiencing drastic fiscal constraints. If the federal share of the NAPPE continues to decline, we are concerned that handicapped children and their families will be adversely affected. When P.L. 94-142 was enacted, it authorized states to receive 40% of the NAPPE for each handicapped child who received special education and related services in that state. Perhaps such a goal is unattainable at this time, given the current economic crisis which our nation is facing. However, handicapped children have special education needs which require a strong federal presence to assure that these needs are met. For this reason, we urge the Committee, and the Congress, to continue to strive towards a funding level which will assure 40% of the NAPPE per handicapped child.

We also wish to bring to the Committee's attention a document entitled, The Report from the Commission on the Financing of a Free Appropriate Public Education for Children with Special Needs. The Commission was established by the House Subcommittee on Select Education and was comprised of leaders from the field of special education as well as noted state legislators and policymakers. The following recommendation will be of particular interest to the Committee:

"The Congress should increase current P.L. 94-142 (Part B) appropriations, and both federal and state governments should allocate new funds to support critical intervention strategies for at-risk children below school age."

Considering the decline in the NAPPE paid by the federal government and the recommendations of the Commission, we recommend that P.L. 94-142 (Part B of the Education for the Handicapped Act) be funded at $1,321.91 million for FY 84. This amount will restore the program to 12% of the NAPPE and assure that state and and local education agencies have additional federal resources with which to provide handicapped children a free and appropriate public education. We realize that $1.321 billion exceeds the current authorization level. UCPA, in conjunction with the Consortium for Citizens with Developmental Disabilities, is working with the authorizing committees of the Congress to increase this authorization level.

UCPA has long been concerned about the need to provide preschool programs to young handicapped children. Study after study has confirmed that the earlier a child with cerebral palsy receives special education, the better the chances are of ameliorating the effects of that handicapping condition. It is thus with dismay we note that one recent study regarding the preschool needs of handicapped children states,... "It is estimated that there are one million handicapped children of preschool age in the United States and 75% of these children are not receiving the education or related services they need." (1) The Preschool Incentive Grant program authorized by P.L. 94-142, encourages states and localities to create or expand their early intervention programs for handicapped children ages 3 to 5. This program is currently receiving $25 million and has received no cost-of-living increase for the past three years. UCPA firmly believes that this preschool program can provide young handicapped children with services essential to their developmental progress. Thus, we join with the CCDD in urging that this program receive $26.25 million, which represents a 5% increase over FY 1983.

VOCATIONAL REHABILITATION

Basic State Grants

Section 110 of the "Rehabilitation Act of 1973" as amended, authorizes the federal government to enter into partnership with states to provide rehabilitation services to persons with disabilities. As this program enters into its 63rd year of service, it has proven cost-effective in rendering comprehensive services to persons with physical and mental disabilities. The goal of the services rendered by state vocational rehabilitation agencies is to enable the disabled person to become gainfully employed. Because UCPA is concerned with increasing employment opportunities for persons with severe disabilities, we entered into a Cooperative Agreement with the Rehabilitation Services Administration, the National Institute of Handicapped Research and the Council of State Administrators of Vocational Rehabilitation. The goal of the Agreement is for the agencies to work together to increase employment opportunities for persons with cerebral palsy disabilities. We have recently hired a full-time staff person in our national office to promote this goal, and we are confident that as the Agreement is fully implemented, persons with cerebral palsy will enjoy greater employment opportunities. The following examples of two states that have applied the concept of rehabilitation engineering to employment may provide the Committee with insight: (2)

- The Department of Vocational Rehabilitation (DVR) in Michigan has applied rehabilitation engineering in a variety of ways. First, in cooperation with Michigan State University, DVR of Michigan supplied two students, who are both severely disabled by cerebral palsy and are nonverbal, with a computerized speech device. This device enables these students to speak and pursue work in computer programming. They have also developed a Mobile Laboratory to develop worksite modifications which visits the client's worksite and makes modifications the client might need. DVR of Michigan also works with clients to prepare them for the work experience and teach them how they may modify their work environments themselves. DVR of Michigan feels strongly that the majority of modifications which need to be made for the disabled employee often are similar to those modifications which private industry makes in order to increase productivity.

- In New Jersey, the Department of Vocational Rehabilitation is working with the Metheaney School to improve rehabilitation engineering services for clients. The Metheaney School serves severely disabled children and adolescents, many of whom are multiply disabled. DVR is trying to develop a cadre of volunteers who have some type of engineering skill and are willing to assist in making modifications for these clients. DVR will pay for any purchase of equipment or materials which may be needed in order to complete a given modification. This technique matches the skills of the volunteer to the needs of the individual client and also stretches scarce service delivery dollars further. Since many of the students at the Metheaney School are adolescents who are either employed or preparing for the world of work, this program will no doubt increase their employability.

We join with the Consortium for Citizens with Developmental Disabilities and the Council of State Administrators of Vocational Rehabilitation in recommending that the Vocational Rehabilitation State Grant Program receive $1037.8 million for FY 1984. This recommendation would in part achieve the goal of restoring the purchasing power of the rehabilitation dollar to the FY 1979 spending level. FY 1979 is viewed as the last year in which the Federal-State Rehabilitation Program operated at full strength.

Independent Living

One of the most exciting initiatives of the last decade was the enactment in 1978 of Independent Living Program which was intended to provide disabled persons with a variety of services to enable these persons to live independently in their communities. Sadly, this program has not lived up to its original expectations, largely due to lack of funds. UCPA is very concerned that Congress and current as well as previous administrations have restricted the program to federally administered Part B Centers for Independent Living (CILs). Our primary concern with the Independent Living program is how to create a transition from a federally administered program which has proved its worth to a statewide service delivery system for the severely disabled population. Data clearly indicates that persons with cerebral palsy are a primary category of those now being served by CILs.(3) As previously indicated, we are increasingly concerned about severely disabled adults whose services have been diminished or curtailed due to budgetary cutbacks. Should this trend continue, we are fearful that some of these adults will be forced to return to institutional living. For example, UCP of New York State has been forced to close 23 of their 90 supervised apartments which provided a home-like living arrangement to severely disabled clients, many of whom had previously been residents of Willowbrook, a large state institution. What will happen to these individuals is not an easy question to answer. However, a strong Independent Living Program would have the potential of serving these clients.

UCPA joins with the CCDD and others in recommending that the Independent Living Program receive $45 million for FY 1984. This would allow $25 million to initiate Part A, $18 million to maintain Part B, and $2 million to initiate Part C. We must emphasize that $45 million is the minimum amount required to initiate this program and that this amount will only begin to meet the independent living need of our nation's most severely disabled persons.

NATIONAL INSTITUTE OF HANDICAPPED RESEARCH

The National Institute of Handicapped Research (NIHR), which was established under the "Rehabilitation Comprehensive Services and Developmental Disabilities Amendments of 1978," promotes expanded research in both traditional and innovative fields of rehabilitation. We will focus on one area of particular concern to UCPA: the area of rehabilitation engineering as it relates to employment. As UCPA has researched rehabilitation engineering it appears that it is the missing link between the disabled person and gainful employment. As the examples we cited earlier demonstrate, vocational rehabilitation is making progress towards adapting the worksite but much remains to be done. Currently, NIHR funds 18 Rehabilitation Engineering Centers (RECs). Only one REC, (Center Industries Cooperation, which is affiliated with UCP of Kansas), is primarily concerned with employment. There is also a need to continue to disseminate knowledge we have already gleaned in this field. We recently spoke to several professionals, working in the field of rehabilitation engineering as it relates to employment, who expressed the concern that much information exists which is not being adequately disseminated. Thus, we feel that NIHR should be encouraged to share the important research they are doing.

The problem also arises of who will manufacture adaptive equipment at a cost disabled persons can afford. We are pleased that NIHR intends to award a grant this year that will look at obstacles preventing private industry from producing and disseminating adaptive equipment. UCPA recommends that the Committee encourage these efforts.

We join with the CCDD in recommending that NIHR receive $35 million for FY 1984. We emphasize that this is the minimum amount NIHR will need to pursue its legislative mandate. NIHR is an important investment in the future of our nation's disabled citizens. Such efforts as rehabilitation engineering as it relates to employment will assure that the rehabilitation community will continue to find new ways to solve complex, human needs problems.

TITLE XX SOCIAL SERVICES

Monies provided through the Title XX Social Services Block Grant provide a variety of important services to severely disabled persons. Services including transportation, home-health services, homemaker and chore services, and counseling are a few examples of ways this program assists persons with disabilities. Title XX services are crucial to creating community-based services which provide alternatives to institutionalization. This program now receives $2.45 billion and will receive an additional $225 million before the end of FY 1983, thanks to the enactment of P.L. 98-8, which is popularly known as the "Emergency Jobs Bill."

We are encouraged by this increase because it demonstrates Congressional recognition of the importance of Title XX services. As our appropriations chart indicates, funding for this program has eroded from FY 1981 when it received an appropriation level of $2.991 billion. This appropriation reduction has had a definite affect upon the services to persons with cerebral palsy. For example, Pennsylvania has redistributed Title XX funds so that counties have an equal share in funds available for social services regardless of programs that were already established.(4) As a result of redistribution, plus the overall reduction in Title XX allocations, services to the disabled have diminished. Lackawanna County has experienced a 20% reduction in social services funding forcing them reduce services in their adult life skills program. Other affiliates in Pennsylvania have also experienced cutbacks which have reduced services for severely disabled adults. Our affiliates in Ohio have also had large reductions in Title XX monies. These reductions have resulted in diminished services in adult rehabilitation, sheltered workshops and transportation.(5)

UCPA joins with the CCDD in recommending that the Committee appropriate the full authorization level of $2.5 billion for FY 1984. In addition, we recommend that the Title XX Social Services Block Grant be maintained as a federally administered block grant and not be combined with the Community Services Block Grant and the Legal Services Corporation, as the Administration has proposed. We wish to stress that this program meets the needs of persons who are at risk of returning to institutional settings if their needs are not met in the community.

THE DEVELOPMENTAL DISABILITIES ACT

State Program Grant

The Developmental Disabilities State Grant Program provides funds for coordinated, comprehensive services to developmentally disabled persons who have severe life-long handicaps beginning early in life. These handicaps result in substantial limitations to self-care, learning, mobility, self-direction, and the ability to become economically self-sufficient. The Basic State Grant Program is responsible for planning, evaluating, coordinating and advocating for services to this vulnerable segment of our society. We have demonstrated the affects reductions in Title XX and other social service programs are having upon severely disabled individuals. Without the DD Basic State Grant Program, many of the programs serving this population may cease to exist. The National Association of Developmental Disabilities Council (NADDC) is completing a study to demonstrate the cost-benefits of the Basic State Grant Program. The following examples from that study will be of interest to the Committee:

- In over a three-year period in Connecticut, a total of $140,000 in DD funds were invested to coordinate services to people who are dually-diagnosed as severely or profoundly mentally retarded and severely emotionally disturbed who had been institutionalized for 20 to 40 years. The project has leveraged over $600,000 in direct services and $1 million in construction from the Connecticut General Assembly to replicate the project statewide. In addition, the project is coordinating efforts of the Department of Mental Retardation, the Department of Mental Health, the Commission on Long Term Care, the Office of Policy and Management, the General Assembly, the Protection and Advocacy System, the media and local, private-non-profit agencies to focus on the statewide services needs of the severely emotionally disturbed/mentally retarded population.

- In New Hampshire the DD investment in services over the last 3 years is $814,000 which has resulted in $17 million worth of direct services to people with developmental disabilities. This is a ratio of twenty service dollars for every DD dollar spent. An example: the DD program financed an early intervention project for $188,000 which generated $1,049,000 in such services from other sources.

- In Arizona, as a result of the DD Council's planning and advocacy activities, the Arizona State Legislature has appropriated $1 million annually since 1979 to provide an array of direct services to more than 1,500 individuals with cerebral palsy, epilepsy, autism, mental retardation, and other developmental disabilities.

These examples demonstrate the effectiveness of this program.

The Administration has proposed that this program receive $24.674 million in FY 1984, which is a 43% reduction. The Congress clearly rejected a similar proposal last year. Because this proposal would have a devastating affect on the Basic State Grant Program, we respectfully request that the Committee again reject the Administration's proposals. We join with the CCDD in recommending that the DD Basic State Grant Program receive $45.339 million for FY 1984 which is a 5% increase over the current funding level. We will be working with the authorizing committee to adjust the FY 1984 authority to reflect this small increase.

Protection and Advocacy

Protection and Advocacy systems (P&As) function in all 50 states and four territories. They are one of the most important components of the Developmental Disabilities program because they articulate the rights of persons with developmental disabilities, many of whom reside in institutions where they may receive inadequate care. They also provide personal and systematic advocacy services to developmentally disabled persons who reside in the community. Finally, parents of developmentally disabled children often look to the P&As for direction in finding services for their children. Many of the persons who are being affected by budgetary reductions are persons who recently left institutional settings and are living in the community. As human service dollars are reduced, this vulnerable population must have a spokesperson to articulate their needs. UCPA believes that P&As have an effective track record in meeting this important need.

We join with CCDD in recommending that P&As receive $8.40 million in FY 1984. While this figure is slightly higher than the authorization figure for FY 1984, we believe the needs of developmentally disabled population warrants this increase.

We would also like to bring to the Committee's attention an inadvertant problem which occurred during Congressional consideration of H.J.Res. 631 (now P.L. 97-377) the continuing resolution for FY 1983. The House recommended that this program receive $7.68 million and the Senate recommended the full authorization level of $8 million. However, the Conference Committee recommended $7.32 million, which is $360,000 below the FY 1982 level of $7.68 million. UCPA believes it is imperative that the P&As be restored to the Senate level of $8 million for FY 1983 as soon as possible.

MATERNAL AND CHILD HEALTH BLOCK GRANT

The Maternal and Child Health Block Grant provides federal assistance to the states for health services for pregnant women, infants, children, and adolescents who would not otherwise have access to needed health care because of their economic status or the lack of medical specialists in the areas where they live. The health services provided have a strong preventive thrust and a number of studies have found them to be highly successful in improving the health of mothers and children, and in reducing infant mortality, mental retardation, and other developmental disabilities.

The prevention of cerebral palsy has always been one of the highest priorities of our agency. The increase in recent years in adolescent pregnancies disturbs us because teen-aged mothers run an especially high risk of giving birth to babies with cerebral palsy and other developmental disabilities. If these young mothers are given adequate pre and post natal care, their chances of having a healthy baby are greatly improved and the MCH Block Grant provides these essential services. We are also concerned that the overall decline in the incidence of developmental disabilities continue. We are encouraged that within the last twenty years the incidence of cerebral palsy has been cut in half. But if programs like the MCH Block Grant are not adequately funded, we fear that the trend will reverse.

We were pleased that P.L. 98-8 the so-called "Emergency Jobs Bill" contains an additional $105 million for the MCH Block Grant bringing the total to $478 million in FY 1983. This is the minimum which would be acceptable to UCPA for FY 1984. We will continue to work with the Committee to assure that the MCH Block Grant receives adequate funding to meet the needs of mothers and their young children.

REFERENCES

1) Roy Littlejohn Associates, Inc., An Analysis of the Impact of the Handicapped Children's Early Education Program (Final Report) Washington, D.C., November 1982.

2) Kathleen M. Roy (with contributions from E. Clarke Ross, D.P.A.) Statement Respectfully Submitted to the House Subcommittee on Select Education of the House Education and Labor Committee on the Extension of Rehabilitation Act on behalf of UCPA March 18, 1983.

3) Ibid.

4) Merna N. Williamson, UCPA Affiliates Report Government Funding Reductions, April, 1983.

5) Ibid.

STATEMENT OF MARTHA WALKER, PRESIDENT, NATIONAL COUNCIL ON REHABILITATION EDUCATION

Senator RUDMAN. The next witness will be Martha Walker, president of the National Council on Rehabilitation Education.

Good morning.

Ms. WALKER. Mr. Chairman, Senator Rudman, thank you for this opportunity to testify for the National Council on Rehabilitation Education, which is an organization of educators and researchers composed of people from about 80-odd universities in the United States who believe that training does make a difference.

I am going to try to summarize, if I may, my remarks, since you have my prepared testimony.

Senator RUDMAN. We would appreciate that very much.

Ms. WALKER. Since the beginning of rehabilitation as a concept in 1970, the program has really rested in its efficiency on individualization and on the importance of a person who works with that disabled individual in soft ways, meaning helping that person become motivated to get back to work or to independent living.

There is evidence that suggests that training causes individuals who are working for the State-Federal program or in facilities to accept more difficult cases, to work more quickly, and to achieve satisfactory results.

I would like to give some points of need, five of which I think are very significant for fiscal year 1984.

No. 1 is that there are 21 million persons in the United States with work disabilities today. However, we have not enough people who are trained as transition experts, those individuals who can help disabled persons return to work or to independent living. Those are the rehabilitation workers who are not being trained in sufficient number to meet the needs of 21 million people in the United States today.

Second, rehabilitation workers in 1984 are serving individuals who are more severely disabled than they have ever worked with before, at a time when our economy is less permeable for employment for those individuals. That is a challenge that does require training.

Third, rehabilitation workers in a shrinking dollar economy have expanded their services so that that dollar can be stretched within the rehabilitation agency. As they have taken on additional responsibilities, they have needed additional training.

You have heard some of the instances of improved technology and the findings of the last 10 or 15 years in medical rehabilitation—assistance devices, intervention techniques. All of that is new information. If that technology and that information isn't made available to employ personnel and services become dated, then the quality of our services will fall behind.

In the last few years, since 1979, finally, what has happened is that the amount of funds available for rehabilitation training has been reduced substantially. Thirty-nine percent in actual dollars is what has been the loss to rehabilitation training since 1979.

The need, I think, is evident. Fiscal year 1984 appropriations hopefully should reflect our mutual concern for the quality of services and the qualifications of the service provider.

NCRE respectfully recommends that appropriations for rehabilitation training be increased to $25.5 million in fiscal year 1984.

I thank you.

Senator Rudman. Thank you very much.

Senator Weicker. Martha, thank you very much.

[The statement follows:]

STATEMENT OF MARTHA WALKER

Mr. Chairman and members of the Subcommittee, my name is Martha Lentz Walker, and I am here today representing the National Council on Rehabilitation Education, an organization of educators, researchers, trainers, and students from more than 80 institutions of higher education whose purpose is to improve rehabilitation services through preparation and continuing education and research.

Thank you for this opportunity to express the position of the National Council on Rehabilitation Education on FY84 appropriations for programs authorized under the Rehabilitation Act of 1973, and in particular, rehabilitation training.

Although the importance of a qualified professional in the delivery of rehabilitation services has been recognized for nearly thirty years, often the necessity for such personnel has been overlooked. Assisting persons with disabilities in making adjustments to living, learning, and working is no easy job. The rehabilitation process requires flexibility, discretion, and belief in the disabled person's capacity to respond constructively to unwanted change or differences. The process requires the most resourceful providers of service who have been thoroughly prepared for tough going.

Federal training dollars have enabled educators and researchers to recruit capable persons for this difficult field. While no other occupations are more intrinsically rewarding, many do offer higher salaries and less complicated problems. Consequently, shortages of qualified professionals exist in many rehabilitation fields.

Yet rehabilitation clients depend upon the judgment of a qualified professional for access and utilization of the rehabilitation system. The need for competent and committed rehabilitation personnel was first recognized in 1954 when Congress first authorized vocational rehabilitation training grants under the then Vocational Rehabilitation Act, P.L. 83-565. Today, that need is even greater than in earlier years. Let me make several points which reinforce this need.

First, rehabilitation workers are "transition experts" serving 21 million persons with work disabilities as reported in the 1983 census. When deinstitutionalization efforts are added as markets for "transition experts", the public agencies serving mentally retarded, psychiatrically disabled, offenders, and aging populations could absorb all the graduates of rehabilitation education programs. The parent agency, state vocational rehabilitation agencies, experience annual turnover rates of 14 - 16%. Attrition alone, in the state agencies, would consume the 1500 graduates currently completing academic programs each calendar year. In other words, we are not able to meet current demands for qualified rehabilitation professionals, and this situation is not likely to improve if we fail to shore up eroding federal support for rehabilitation training.

Second, the need for qualified personnel is greater than ever because of changes in the nature of the population served in the state-federal program, and economic factors. Because of the 1973 Congressional mandate for serving the severely handicapped, the rehabilitation worker has increased responsibilities for serving the severely disabled who are trying to enter an economic system that is less permeable than ever before. These are more difficult rehabilitations which require the attention of well prepared professionals to achieve a successful outcome. Also, limited case service dollars mean that rehabilitation counselors must take on additional functions. For example, they are called upon to perform appraisal and counseling, rather than purchasing these services from psychologists or medical screening teams. These activities require solid training to be accurate and productive.

The need for training to meet new priorities is not limited to those just entering rehabilitation professions. Continuing education is needed to ensure that personnel already in the field also maintain up-to-date techniques and skills, keep up with rapidly changing technology, and can respond to these changing priorities and needs within the rehabilitation program. This is the conduit for insuring that new research results are used in the field. If such training is not provided, then the quality of services will necessarily be lower, and we will be denying the rehabilitation client the best possible outcome. As the April 1980

Rehabilitation Services Administration's Rehabilitation Manpower Plan states, "The upgrading of skills of employed personnel is at all times an important aspect of manpower supply and demand and the shortage of personnel who have been trained to their fullest contributes to any overall rehabilitation "personnel shortage."

Third, damage has been heavy to a carefully developed educational and research system due to the reduction of training funds in the past five years. Since FY 1979, federal support for rehabilitation training has declined from $30.5 million to $19.2 million in FY 1983 -- a loss of 39% in actual dollars, and a staggering decline of roughly 58% when inflation is considered. No other element of the Rehabilitation Act of 1973, as amended, has suffered as great a percentage loss of federal funds since FY 1979. As a result, today only half as many rehabilitation counselor education programs receive training funds as in 1979. Overall, there has been a 36% drop in all training projects from FY 1979 to FY 1983. Eleven states now have no form of rehabilitation training, whereas at one time they did. The training funds that are available primarily support students in their pursuit of professional training.

Authorization levels have been greatly reduced, as well. The 1978 Rehabilitation Amendments authorized funding for rehabilitation training to increase from $34 million in FY 79 to $50 million in FY 82. However, the Reconciliation Act of 1981 reduced that level to only $25.5 million.

Private industry devotes 5% of its budget to training its employees. In 1978, the authorization level for rehabilitation training was based on that sound principle. In 1982, only 2% of the budget was allocated for training. If that trend continues, one could ask, who is rendering those services?

These reductions in training have a direct impact on the success of the overall rehabilitation program and the quality of services provided. Research evidence has shown that rehabilitation workers with professional training:

1. have a greater awareness of motivational problems,
2. accept more difficult cases, and

3. achieve successful closure with satisfied clients more frequently than untrained workers, often in a shorter time.

The need for services and qualified personnel is evident; FY 84 appropriations for rehabilitation training under the Rehabilitation Act of 1973 should reflect our mutual concern about the quality of services rendered and the qualifications of the service provider.

It took much effort on the part of Congress, educators, and researchers to create the educational system that is still in place, despite the severe cutbacks in federal training dollars. Ninety universities located throughout the United States offer rehabilitation specific curriculum. Accreditation standards insure critical instructional components and the learning of essential compentencies, such as:

- developing an evaluation plan and synthesizing information to recommend training or job selection,
- knowing the effects of medical conditions on clients,
- facilitating client understanding and involvement,
- knowing the job requirements of specific occupations and being able to suggest modifications for disabled workers.

Consequently, Mr. Chairman, NCRE recommends that federal appropriations for rehabilitation training be increased in FY 1984 to $25.5 million. While this increase will not be sufficient to restore the program's FY 1979 purchasing power, it will help turn around the funding decline which rehabilitation training has suffered since that time, and help ensure that sufficient numbers of qualified personnel are available to provide the quality of services that are needed to continue the Rehabilitation Act's record of success. If the Administration's recommendation that training funds be frozen in FY 1984 is adopted, however, the Department of Education has estimated that there will be a 6% reduction in the numbers of rehabilitation personnel who could be trained in FY 1984 than in FY 1983.

The increase NCRE is proposing is badly needed to help alleviate major personnel shortages that have been documented in many of the rehabilitation professions. For example, it was estimated in 1982 that the number of rehabilitation counseling graduates would not be sufficient to meet the turnover rate of counselors in state agencies, let alone meet the needs of other sectors of the rehabilitation industry; a nearly 100% shortage of physicians has been found; a 50% shortage of physical therapists is projected in the 1980's; an estimated 57.6% more physical therapists and 56.5% more speech pathologists will be needed by 1990; and private rehabilitation facilities need 29% more rehabilitation professionals. Qualified professionals who provide specific rehabilitation services are needed now more than any previous time.

Thank you for this opportunity to explain the importance of the Rehabilitation Training program to the success and effectiveness of the overall Rehabilitation Program, and the need for increased support for this key component in the highly successful Rehabilitation Act.

STATEMENT OF MARVIN SPEARS, PRESIDENT, NATIONAL REHABILITATION ASSOCIATION

Senator RUDMAN. Our next witness will be Marvin Spears, president of the National Rehabilitation Association.

Mr. SPEARS. Good morning. Mr. Chairman, my name is Marv Spears, and as president of the National Rehabilitation Association, I am here to give you a very brief verbal overview of our written comments with respect to the investment levels that we are recommending for programs authorized under the Rehabilitation Act of 1973.

First, let me express the deep appreciation by the members of the National Rehabilitation Association to members of this committee for their consistent willingness to invest funds in the Nation's rehabilitation programs. These investments have, indeed, made some very significant returns in past years, and you have reason to be very proud of your leadership in making these kinds of investments.

The first area I would like to address has to do with the State basic vocational rehabilitation program. We are recommending an investment level of $1,037,800,000 for the basic State vocational rehabilitation program, which is the foundation of the programs authorized under the Rehabilitation Act.

According to the Rehabilitation Services Administration's latest report to Congress, the benefit/cost ratio exceeds 10 to 1. In my own State of Minnesota, we have determined, using a slightly different set of figures, that the return on the public investment in this program is 34.8 percent, which is a very impressive return on any investment.

Of equal importance are the benefits of this program to persons with disabilities. Behind the cost/benefit studies are individuals who have been provided opportunities to earn money and gain the self-esteem that comes from a paycheck. To be working is to be a part of mainstream America, and this program helps persons with disabilities work.

The recommended funding level is based on the critical need to restore funding for the basic State rehabilitation program to prevent a further decline in the number of persons served.

Next, I would like to talk briefly about title VII, comprehensive services for independent living. We are recommending an investment level of $60 million for independent living. The program of direct services has been partially implemented through funding of 150 centers for independent living located in all parts of the country.

Independent living services are designed to assist persons with severe disabilities live and function independently and, when possible, enter the vocational rehabilitation program.

The services provided through this title of the act not only enable persons with severe disabilities to live and function independently, but reduce the public costs associated with disability dramatically.

The Federal region 5 study, done collaboratively with the centers in the region, documented clearly the cost savings associated with this program. Ten of the eighteen individuals concerned in the study will likely become employed.

The net savings in public expenditures to these individuals for various kinds of public support programs has been reduced by $135,000 per year as a result of receiving these services.

Currently, only part B is funded, and NRA urges that part A and part C be funded as well.

So far as rehabilitation research is concerned, NRA is recommending an investment level of $14 million with, again, the increased investment in this research activity paying direct dividends in the future as we discover more effective ways of serving people with disabilities.

Concerning rehabilitation training, NRA recommends an investment level of $25.5 million so that the quality of the direct service program can be maintained through quality training.

In terms of special discretionary grants—time doesn't permit a full discussion of all of the grant categories, but we do wish to call attention to the projects with industry—PWI—which has demonstrated that close ties between the rehabilitation and business community can enable persons with disabilities to get jobs.

We recommend funding the PWI program at $13 million for fiscal year 1984.

We appreciate the opportunity to present to you the rehabilitation investments needed by our Nation's persons with disabilities, and we applaud your willingness to make these needed investments.

Thank you very much.

Senator RUDMAN. Thank you, Mr. Spears.

Senator WEICKER. No questions. Thank you very much.

[The statement follows:]

STATEMENT OF MARVIN SPEARS

Mr. Chairman, members of the subcommittee, my name is Marvin Spears. As President of the National Rehabilitation Association, I am here to give you our view of the funding needs for the programs authorized under the Rehabilitation Act of 1973, as amended for fiscal year 1984.

First, let me express the deep appreciation of the members of the National Rehabilitation Association, and its seven divisions -- the Job Placement Division, the National Association of Rehabilitation Instructors, the National Association of Rehabilitation Secretaries, the National Rehabilitation Administration Association, the National Association for Independent Living, the National Rehabilitation Counseling Association, and the Vocational Evaluation and Work Adjustment Association -- to you and members of the subcommittee for your consistent and enlightened willingness to invest public funds to the nation's rehabilitation programs. Your past investments in these programs have returned significant dividends to our nation's taxpayers and more importantly, to the persons with disabilities who receive rehabilitation services. I know of no other program funded by the government that consistently returns so many benefits, both financial and personal, to all segments of our society. You have reason to be proud of your leadership in assuring a proper level of investment in this program.

I would like to address our recommended investment levels for four major segments authorized in the Rehabilitation Act, as amended.

BASIC STATE VOCATIONAL REHABILITATION SERVICES PROGRAM - SECTION 100 (B)(1)

We are recommending an investment level of 1.037.8 billion for the Basic State Vocational Rehabilitation Program, the foundation of the programs authorized in the Rehabilitation Act, as amended. This proven, finely tuned direct service program has stood the test of time and has been well managed. According to the Rehabilitation Services Administration's latest report to Congress, the benefits/cost ratio exceeds $10 to 1. In my own State of Minnesota, we have determined that the return on the public investment in this program is 34.8 percent -- a very impressive return on any investment!

Of equal importance, are the benefits of this program to persons with disabilities. Behind the cost/benefit studies, are individuals who have been provided opportunities to earn money and gain the self-esteem that comes from a paycheck. To be working is to be part of mainstream America. This program helps persons with disabilities work and enter that mainstream.

This recommendation is based on the critical need to restore funding for this program to prevent a further decline in the number of persons served. Because of funding cuts and inflation, this effective program reaches only one in 20 eligible persons. We believe it is essential to stop the downward trend in the number of persons with disabilities provided rehabilitation services. Funding this program at the level recommended by NRA would help restore the level of services provided while, at the same time, increasing tax revenues.

In a 1981 letter to Representative Carl Perkins, Alice Rivlin, Director of the Congressional Budget Office, wrote, "Since expenditures for Vocational Rehabilitation are associated with offsetting savings in other government programs, a reduction in funding for rehabilitation ... would generate increases in other parts of the Federal and State budgets."

COMPREHENSIVE SERVICES FOR INDEPENDENT LIVING - TITLE VII

NRA recommends an investment level of 60 million for the Independent Living Rehabilitation Services Program. This important component of the Rehabilitation Act was added in 1978. This program of direct services has been partially implemented through support for 157 Centers for Independent Living located in all parts of the country.

Independent Living Services are designed to assist persons with severe disabilities live and function independently and when possible, enter the Vocational Rehabilitation program. The services provided through

Title VII of the Act not only enables persons with severe disabilities to live and function independently, but reduce public costs associated with disability. A Federal Region V (Minnesota, Michigan, Wisconsin, Illinois, Indiana and Ohio) study done collaboratively with the Centers in the Region documented clearly the cost savings associated with the provision of Independent Living services. Ten of the 18 individuals discussed in the report will likely become employed. Net savings in public expenditures to these individuals for various kinds of public support has been reduced by $135,750 per year as a result of receiving Independent Living Services.

Currently, Mr. Chairman, only Part B is funded; NRA urges that Part A and Part C as well be funded to fully implement the concepts of Independent Living emdodied in the 1978 amendments. The potential for cost savings are enormous -- the benefits to the persons with severe disabilities have been solidly demonstrated.

REHABILITATION RESEARCH

NRA recommends an investment of 40 million in rehabilitation research as administered by the National Institute for Handicapped Research. We are entering a new era in our nation -- one that exemplified by remarkable technological advances. These scientific and technical achievements can, and should, be brought to bear in the problems faced by our nation's persons with disabilities. Increased investment in rehabilitation research will pay direct dividends in future years as we discover more effective ways of meeting the needs of persons with disabilities and incorporate technological and scientific advances in our rehabilitation direct services programs.

REHABILITATION TRAINING

NRA recommends an investment of 25.5 million in rehabilitation training programs in 1984. The quality and success of any direct service program is directly related to quality training for service providers charged with turning rehabilitation goals into realities.

We cannot allow documented shortages in many rehabilitation professions to continue, without lowering the overall effectiveness and success of the nation's rehabilitation programs.

SPECIAL DISCRETIONARY GRANTS

Time does not permit a full discussion of all Special Discretionary Grants authorized by the Act. We wish to note, though, that these grants are of great importance to the overall comprehensive scope of the programs authorized by the Rehabilitation Act, as amended. These grants address special and specific needs and provide opportunities for increasing the effectiveness of the total activity.

Of special note are the Projects With Industry - a program which demonstrated that close ties with the business community can enable persons with disabilities to get jobs. We recommend funding the PWI program at $13 million for fiscal year 1984.

Our recommended investment levels for the other Discretionary Grants are as follows:

1.	Client Assistance Projects	$ 3.5
2.	Special Projects for the Severely Disabled	$ 12.21
3.	Migrant Workers	$ .942
4.	Helen Keller National Center	$ 3.5
5.	Comprehensive Rehabilitation Centers	$ 2.
6.	Technical Assistance	$ .25
7.	Evaluation	$ 2.
8.	Service Grants to Indian Tribes	$ .65
9.	Special Recreation	$ 2.
10.	National Council for the Handicapped	$ .193
11.	Architectural and Transportation Barriers Compliance Board	$ 2.02

We appreciate this opportunity to present to you the vital rehabilitation investments needed by our nation's persons with disabilities, and we applaud your willingness to make these needed investments.

ATTACHMENT 1

NRA RECOMMENDED FUNDING LEVELS
FISCAL YEAR 1984

1.	Basic State Vocational Rehabilitation Services Program	1.037.8
2.	Comprehensive Services for Independent Living	60.0
3.	Rehabilitation Research	40.0
4.	Rehabilitation Training	25.5
5.	Projects With Industry - PWI	13.0
6.	Client Assistance Projects	3.5
7.	Special Projects for the Severely Disabled	12.21
8.	Migrant Workers	.942
9.	Helen Keller National Center	3.5
10.	Comprehensive Rehabilitation Centers	2.0
11.	Technical Assistance	.25
12.	Evaluation	2.0
13.	Service Grants to Indian Tribes	.65
14.	Special Recreation	2.0
15.	National Council for the Handicapped	.193
16.	Architectural and Transportation Barriers Compliance Board	2.02
		1,205,565,000

STATEMENT OF EDMUND S. MC LAUGHLIN, EXECUTIVE DIRECTOR, EASTER SEAL REHABILITATION CENTER, BRIDGEPORT, CONN., NATIONAL ASSOCIATION OF REHABILITATION FACILITIES

Senator RUDMAN. Would you like to call the next witness?

Senator WEICKER. Yes; the next witness is an old friend and one who has done a fantastic job on behalf of Easter Seals in Bridgeport, Conn., Ed McLaughlin, the executive director of Easter Seals Rehabilitation Center in Bridgeport, representing the National Association of Rehabilitation Facilities.

Ed, good to have you.

Mr. McLAUGHLIN. Thank you very much, Senator Weicker and Senator Rudman. All we need is Senator Stafford, and then we have the New England contingent here. [Laughter.]

Mr. McLAUGHLIN. It is a personal honor, Senator, to be here with you, and it is a personal pleasure to see that you are still here with us. A number of my colleagues feel the same, and I am very happy that you are back.

Senator WEICKER. Thank you.

Senator RUDMAN. A lot of us feel that way also.

Mr. McLAUGHLIN. Hear, hear, hear, hear.

Senator WEICKER. That is the first time I have heard that. [Laughter.]

Mr. McLAUGHLIN. What else do you want me to have him say?

Senator WEICKER. No, no; I take that back.

Mr. McLAUGHLIN. My name is Edmund McLaughlin. Because I am somewhat loquacious, I have prepared a short statement, and I think it is more appropriate that I read it.

I am the president of the Easter Seal Rehabilitation Center in Bridgeport, Conn. I am appearing here today as a representative of the National Association of Rehabilitation Facilities. I am a member of its board of directors and an officer of that group.

The National Association of Rehabilitation Facilities represents more than 500 institutional members serving over 300,000 handicapped people annually in a variety of settings.

NARF is the leader of all professional groups representing the delivery system of services for the disabled.

The Rehabilitation Act of 1973 remains the foundation of services to handicapped people, as you well know.

NARF's recommendations are based on the new authorization levels. The act, in and of itself, embodies a comprehensive strategy to help handicapped people.

Most recently, data for the Rehabilitation Services Administration shows in the first year after case closure persons rehabilitated in fiscal year 1980 are expected to pay Federal, State, and local governments an estimated $211.5 million for income payroll and sales taxes now that they have been rehabilitated. $68.9 million will be saved as a result of this decreased dependency on public support and institutional care.

The lifetime earnings of people in 1980 improved $10.40 for every dollar spent. NARF recommends an appropriation of $1,037,800,000, which is a 9.95-percent increase in an attempt to restore the purchasing power of the rehabilitation dollar to the 1979 levels.

Special emphasis is also requested on the innovation and expansion programs. We would like to emphasize that with this program there be an appropriation of at least $12 million, which was last appropriated in fiscal 1978.

For the technical assistance program, which can be provided under the Rehabilitation Act, we are requesting that there be a $250,000 appropriation in fiscal 1984.

There are other programs in the Rehabilitation Act of 1973, as amended,. for which we would like to encourage your consideration. There are some 16 additional categorical programs from which great success has been achieved in serving the disabled, particularly the trade services; loan guarantees for rehabilitation facilities, the very special recreation programs, projects with industry, independent living, and research.

These programs are administered nationally through the Rehabilitation Services Administration and are targeted for special disability groups. NARF recommends modest funding for these programs for fiscal 1984.

Rehabilitation services and rehabilitation programs have become quite sophisticated. Rehabilitation personnel need more extensive special training as it becomes evident that there are more and more disabled who are seeking its services.

There is a new population, some with more severe involvement, requiring rehabilitation care. We must be willing to respond to these changes. But in particular, we are concerned and interested in appropriating resources for the projects with industry—PWI—program for its positive cost ratio is well-known and justifies the increased funding.

On behalf of NARF, gentlemen, may I thank you very much for this opportunity.

Senator RUDMAN. Thank you very much.

Senator WEICKER. Thank you very much.

One thing I think we should probably highlight, or I would like to be instructed on, is that apparently your testimony and the testimony of earlier witnesses indicates that there is a rising population of those needing rehabilitation services. I am just talking about the head count.

How do you equate that with a static and/or declining funding in the last several years?

I mean something is happening out there. Of course, the reason that has been given is that private enterprise volunteers and State and local government will pick up the shortfall.

So now, what I want to find out from those out in the field, like yourself, is, No. 1, is there a shortfall? Is it increasing, as indeed the testimony here would indicate that there are more of those requiring services? And is the shortfall being picked up by anybody?

Mr. MCLAUGHLIN. I think in our own instance the shortfall is being picked up in some areas by the private sector. There is a great awakening on the part of the business and industry community in terms of responding to the needs of its disabled, and, indeed, in some areas we see the corporations moving in the area of identifying their own facilities and their own programs and participating in them because there is a significant value in the rehabilitation process.

In our own State we are attempting to amend the worker's compensation law in order to accommodate for renewed recognition of the value of rehabilitation, which means that the opportunity there for another third-party system to pay for the services that we are providing is going to be available to us.

I think the sophistication of the programs and the early intervention—a very particular interest of yours—is recognizing that by virtue of moving in at the first month of life we are able to modify and manage this child and the family so that they can be handled more appropriately as they move through life, where the life span is increasing with the handicapped.

I think a doctor mentioned this earlier in his testimony, that we are now seeing cerebral palsy children who move into the adult stage. So therefore, there is a greater number of them.

But there is also, I think, a recognition of rehabilitation and the concept of rehabilitation as a value exercise in terms of the right to life and the right to perform in vocational pursuits.

As a consequence, there are other systems out there that are beginning to pay for that privilege. In our own situation, with a $3.5 million budget, 85 percent of our income comes from third-party payers. So there is a recognition of the value of the system in addition to that which we receive from the Federal establishment through the Rehabilitation Act.

Does that answer your question?

Senator WEICKER. It answers it, but only to the extent that—No. 1, the recognition on the part of the private sector certainly is welcome news. Again, though, I have to come back to that part of my question which indicated there has got to be a shortfall somewhere.

Either there is a shortfall in dollars or there is a shortfall in the cost is being paid by the human being, if you will, who is either not being served as adequately, if indeed he or she is being served at all.

That is what I can't equate here in terms of the testimony which we have received, which is that the head count is going up sharply because of science, and yet I know, as the chairman of this subcommittee, the dollars are either static or, actually, in the last 3 fiscal years would show a decline.

Mr. MCLAUGHLIN. Yes.

Senator WEICKER. I am not so sure—and I don't want to lead your testimony—but I am not so sure you want to leave me with the impression that that gap is being filled by private enterprise.

Mr. MCLAUGHLIN. No; I don't want to leave that impression at all. I just simply say that there is a recognition of the concept of rehabilitation——

Senator WEICKER. Right.

Mr. McLAUGHLIN [continuing]. As a valued system, a health care delivery system.

I do think, though, that there is a shortfall. The shortfall is in dollars, and the recognition of that, which can be provided through the Federal establishment, is not keeping pace with that which is being made available for these people.

Senator WEICKER. I have no further questions.

Senator RUDMAN. Thank you very much.

Mr. McLAUGHLIN. Thank you, Senator.

Senator WEICKER. Thank you, Ed. Additional statements on appropriations for rehabilitation programs will also be included in the record at this point.

[The statements follow:]

STATEMENT OF EDMUND S. MCLAUGHLIN

My name is Ed McLaughlin. I am Executive Director of the Easter Seal Rehabilitation Center in Bridgeport, Connecticut. I am appearing before you today representing the National Association of Rehabilitation Facilities (NARF). I currently serve on NARF's Board of Directors as Secretary.

NARF is a national organization of rehabilitation facilities with more than 500 institutional members. Members provide a range of comprehensive rehabilitation services to more than 300,000 handicapped people annually. These members include comprehensive rehabilitation hospitals, rehabilitation units of acute care hospitals, sheltered workshops, outpatient rehabilitation facilities and work activity centers.

The Rehabilitation Act of 1973 remains the foundation for services to handicapped persons. There are other programs which all play an important and interacting role in the provision of services to handicapped persons. They include the Education for All Handicapped Children Act, the Developmental Disabilities Act, the Alcohol, Drug Abuse and Mental Health Block Grant, the Maternal and Child Health Act, the Social Services Block Grant and the Job Training Partnership Act. These programs are addressed in Part 2 of NARF's Testimony.

In fiscal 1983, the programs under the Rehabilitation Act were funded at $1038.99 million. The Act is authorized through fiscal 1983. The House and Senate Authorizing Committees are currently preparing bills to reauthorize the Act. NARF's recommendations are based on new authorization levels.

Basic State Grants (Sec. 110)

The Rehabilitation Act of 1973, as amended, embodies a comprehensive strategy to help handicapped people. The basic state grant provides the basic funding service for states to provide rehabilitation services to handicapped persons. The states match the federal money on a 20/30 percent basis.

The most recent cost-effectiveness data from the Rehabilitation Services Administration shows that in the first year after case closure, persons rehabilitated in fiscal 1980 are expected to pay federal, state and local governments an estimated $211.5 million more in income, payroll and sales taxes than they would have paid had they not been rehabilitated. In addition, another $68.9 million will be saved as a result of decreased dependency on public support payments and institutional care. The lifetime earnings of people rehabilitated in 1980 have improved $10.40 for every $1.00 spent.

The Administration's budget would freeze basic state grants at $943.9 million. NARF recommends an appropriation of $1037.8 million. This 9.95 percent increase in part achieves the goal of restoring the purchasing power of the rehabilitation dollar to the 1979 level. Increases would have to be made over the next four fiscal years to fully achieve this goal.

Establishment and Innovation Grants (Sec. 120)

Innovation and Expansion funding has been alloted to the states on a formula basis to fund the cost of planning, preparing for and initiating special programs to expand vocational rehabilitation services. Special emphasis in the Innovation and Expansion program is placed on serving the most severely disabled and other handicapped populations with special needs. In the past, Innovation and Expansion projects have brought the developmentally disabled into vocational rehabilitation programs when previously they were thought to be too severely disabled to quality for rehabilitation services.

Innovation and Expansion funds are one of the few ways the Rehabilitation Services Administration can identify and affect national priorities for the rehabilitation of disabled persons. Under provisions of Section 121, the Commissioner of RSA may require the states to spend 50 percent of the Innovation and Expansion allocation on projects approved by the Commissioner.

The Committee should use this opportunity to place renewed emphasis on the Innovation and Expansion Program by an appropriation of at least $12 million, the amount appropriated in fiscal 1978, the last year separate funding was appropriated.

Technical Assistance (Sec. 12)

Section 12 of the Rehabilitation Act states that the Commissioner of RSA may provide "...consultative services and technical assistance to public or nonprofit, private agencies and organizations." This authority was traditionally used to provide technical assistance to rehabilitation facilities in areas such as contract procurement, high technology, cost accounting, marketing, etc., to help facilities improve their performance in providing services to disabled persons. This assistance allowed facilities to be operated in a more business-like manner.

The addition of Section 506 of the Act in 1978 caused confusion in the Technical Assistance program since it provided for technical assistance to "persons operating rehabilitation facilities" but only for the purpose of removing architectural barriers. Funding was shifted from Section 12 to Section 506 without the realization that this would not allow funding traditional Technical Assistance to rehabilitation facilities. There should be $250,000 appropriated in fiscal 1984 for Technical Assistance to rehabilitation facilities under Section 12.

Other Programs in the Rehabilitation Act of 1973, as amended

In addition to the basic state grant program, Technical Assistance and Innovation and Expansion Grants under Title I, there are at least 16 additional categorical programs authorized in the Rehabilitation Act of 1973, as amended. These programs include construction of rehabilitation facilities (Sec. 301), vocational training services (Sec. 302), loan guarantees for rehabilitation facilities (Sec. 303), training (Sec. 304), comprehensive rehabilitation facilities (Sec. 305), special demonstration programs (Sec. 311), migratory workers (Sec. 312), the Helen Keller Center (Sec. 313), reader services for the blind (Sec. 314), interpreter services for the deaf (Sec. 315), special recreational programs (Sec. 316), Projects With Industry (Title IV, Part B), Independent Living (Title VII) and research (Title II).

Each of these programs is administered nationally through the Rehabilitation Services Administration and is targeted at a special disability group, or has significance as a demonstration program or innovative approach, and is best carried out on a national or regional basis.

Title III

Some programs, such as construction of rehabilitation facilities (Sec. 301), training service grants (Sec. 302), and loan guarantees for facilities (Sec. 303) have not been funded for two years or more, even though they are vital to the development and quality of rehabilitation facilities. Rehabilitation facilities are the major providers of service to the severely disabled. Without the funding these programs could provide, new or expanded facilities will not be available to the growing number of disabled persons. These programs also fund projects to improve facilities and their programs and train personnel who work in these facilities.

NARF recommends modest funding for these programs for fiscal 1984. A total of $1 million should be appropriated for Sections 301, 302 and 303 of the Act. Allocation should be made at the discretion of the RSA Commissioner for national priorities and projects which will serve as models.

The training program (Sec. 304) funds projects to help increase the number of personnel trained in providing vocational rehabilitation services to disabled people. Grants are awarded in fields related to vocational rehabilitation of the physically and mentally disabled, such as rehabilitation counseling, rehabilitation medicine, physical and occupational therapy and rehabilitation facility management.

Rehabilitation personnel need more extensive and special training as more and more severely disabled and mentally ill people seek services. Prior to the 1973 and 1978 amendments, many of the people seeking vocational rehabilitation services could be employed and were considered easily rehabilitated, successfully closed cases. The new population seeking services present different, more complex, long term problems that place new and different demands on the people helping them. Rehabilitation personnel must be prepared to respond to these changes and require training in new skills. NARF recommends that training be funded at $25.5 million for fiscal 1984.

Independent Living (Title VII)

Title VII authorizes funds to states to provide services to handicapped people who do not have employment potential, but may benefit from rehabilitation services which will enable them to be independent. These services will help those disabled people, who would otherwise have lived in an institution, maintain their personal and economic independence. For some of these people, services such as home care and transportation may make the crucial difference between institutionalization and independent living and employment or lack of employment. The services are far less costly than institutionalization. NARF recommends it be funded at a reasonable level.

Projects With Industry (Title VI)

The Projects With Industry (PWI) program authorizes contracts or jointly-financed cooperative agreements with employers and organizations for projects designed to prepare disabled individuals for gainful employment. Such projects provide training, employment and other services in work settings. Under PWI, the Rehabilitation Services Administration engages business, industry, labor unions and nonprofit organizations in employment of the handicapped. PWI increases the chances for successful placement because the client is exposed to and placed in a real work environment. Business and industry are more involved with the client and attitudinal barriers are reduced. PWI is part of an overall rehabilitation program, but with more emphasis on the end result. Last year, 72 PWI projects were funded at $8 million. Over 9,000 placements, averaging $946 per placement, made this a successful job-training program. Placement retention rates were over 75 percent. The average annual wage for PWI graduates was $9,000; total income for persons placed by the program was $78 million. Taxes paid by PWI graduates alone offset the cost of the program.

NARF recommended an appropriation of $13 million for PWI for fiscal 1984. That would keep the program at its fiscal 1983 level. The only money for handicapped persons in the multi-billion dollar emergency jobs bill was $5 million added to the PWI Appropriations for fiscal 1983. The success of PWI and its positive cost-benefit ratio justify the increased funding.

Research (Title II)

The National Institute of Handicapped Research promotes expanded research in both traditional and innovative fields of rehabilitation. The Institute also provides support for the dissemination of information acquired through such research and coordinates federal programs and policies related to research in rehabilitation.

The Institute currently utilizes approximately 85 percent of its resources in conducting rehabilitation research through center-oriented programs such as Research and Training Centers and Rehabilitation Engineering Centers. Research demonstration projects are also supported by the Institute. However, despite initial Congressional intentions of significantly expanding research in the area of rehabilitation, the NIHR budget has consistently received a smaller appropriation than the initial funding level of $31.5 million in fiscal 1979 and fiscal 1980. In addition to fewer absolute dollars, NIHR funding has also been further eroded by inflation. The Administration has recommended significant increases in other research programs; rehabilitation research should be no less a priority. NARF recommends an appropriation of $35 million for fiscal 1984.

STATEMENT OF THE GOODWILL INDUSTRIES OF AMERICA, INC.

Goodwill Industries of America, Inc. (GIA) is a nonprofit organization of 177 rehabilitation facilities in North America with 44 affiliates in 31 countries outside of North America. We welcome the opportunity to submit our recommendations for FY 1984 appropriations for rehabilitation programs. Our members provide a wide variety of rehabilitation services, including vocational evaluation, job training, employment, counseling, job seeking skills, and placement.

Mr. Chairman, we understand the difficulty of the task before you and the Committee. We also appreciate and thank you for the support your Committee has given to rehabilitation and training programs over the past few years.

Attached to this statement is GIA's recommendations for appropriations for several programs under the Subcommittee's jurisdiction. These recommendations are based on GIA's dual concerns -- to seek a level of support for these crucial programs to enable them to function in an effective manner to implement program goals while, at the same time, helping to control and reduce the federal deficit. We do, however, recognize that the deficit will not be eliminated in this year alone. We also consider vocational rehabilitation outlays now to be investments which will avoid out-year costs in a variety of other social programs. Furthermore, the number of handicapped persons requiring rehabilitative services will continue to increase.

Therefore, in most programs we recommend increases in appropriate amounts which generally reflect the impact of inflation over the last several years. Our recommendations closely parallel those made by the Consortium for Citizens with Developmental Disabilities.

However, we wish to highlight a few of these recommendations in this statement.

I. Rehabilitation Act Programs:

As you know, the Rehabilitation Act of 1973, as amended, is currently pending reauthorization. Our recommended appropriations for programs under the Act are made on the basis of the estimated authorization levels likely to be signed into law.

Basic State Grants:

The Basic State Grant program provides formula grants to State vocational rehabilitation agencies to help physically and mentally disabled individuals gain employment. The Rehabilitation Act emphasizes that severely disabled individuals are to be given priority in the provision of these services.

According to the Rehabilitation Services Administration (RSA), 226,900 disabled persons were rehabilitated in FY 1982, of which 57.2% were severely disabled. It is estimated that it costs 2-2 1/2 times more money to rehabilitate severely disabled persons. The RSA estimates that the proportion of severely disabled individuals rehabilitated in FY 1984 will rise to 64%. However, the number of persons rehabilitated in FY 1982 represents a slight decline from FY 1981.

Moreover, since the mid-1970's, the purchasing power of the rehabilitation dollar has declined significantly. The Administration has proposed to fund Basic State Grants at the FY 1983 level of $943.9 million. At this level of funding, the RSA estimates that 211,000 disabled individuals will be rehabilitated in FY 1984, a 7% decline from the estimated FY 1983 level.

To avoid this reduction, GIA recommends that funding for Basic State Grants in FY 1984 be increased to $1,037.8 million.

Since FY 1979, because of inflationary erosion and the greater time and costs associated with serving severely disabled individuals, there has been a steady decrease in the number and types of disabled individuals receiving rehabilitation services. Our recommendation would increase the appropriation level for Basic State Grants by 10% and would, if continued for the next four fiscal years, restore the purchasing power of the appropriation to the FY 1979 level. In testimony to the Senate Subcommittee on the Handicapped, GIA made suggestions which we believe will increase accountability and achieve savings through reductions in administrative costs by greater use of private, nonprofit rehabilitation agencies. We recommend that the Committee consider these suggestions as a means of achieving the spending levels we recommend.

Independent Living:

For many severely disabled individuals, federally administered Independent Living centers authorized by Part B of Title VII of the Rehabilitation Act have provided crucial services and assistance. These Part B Centers, serving a broad range of disabilities, help provide referrals to community agencies, locate accessible housing and transportation, and enable severely disabled persons to live and function independently in their communities. The President's level funding request of $17.28 million would permit the continued operation of the 150 centers currently operating in the nation under Part B.

However, that does not provide funds for the Independent Living State Grant Program authorized in Part A nor for Independent Living Services for Older Blind Individuals authorized in Part C. Neither Part A or C has ever been funded. We believe that the success of the independent living programs under Part B and the growing need for independent services justifies increased funding for these types of programs and, therefore, funding should be approved for Part A and C as well as a slight increase for Part B.

GIA recommends an appropriation of $45 million for independent living programs, of which $25 million would initiate Part A, $18 million would maintain Part B, and $2 million would initiate Part C.

Projects With Industry:

Projects with Industry (PWI) is a cooperative program between businesses and the rehabilitation community to train and place disabled individuals in competitive employment. Last year, 72 PWI projects placed over 9,000 disabled persons in jobs, with a retention rate of over 75%. GIA's own PWI programs successfully placed 210 disabled individuals with a placement retention rate of approximately 82% in FY 1982.

In FY 1983, $13 million was appropriated for PWI, including the additional amount included in P.L. 98-8, the "jobs" bill. GIA recommends that PWI be given an FY 1984 appropriation of $15 million. This amount will allow the RSA to fund new PWI sites and expand existing programs at the current sites. Clearly such action would be consistent and supportive of the Administration's emphasis on involving the private sector in training programs to meet the identified specific employment needs of private industry.

II. Job Training Partnership Act (JTPA)

Mr. Chairman, as you know, the Job Training Partnership Act (JTPA), which replaced the Comprehensive Employment and Training Act (CETA), will take effect on October 1, 1983. The JTPA includes provisions for training and placement programs for disabled people as part of the overall training program for economically disadvantaged and dislocated workers. National programs designed to serve disabled individuals have been continued as part of Title IVD of the JTPA.

The President's proposed budget for FY 1984 would reduce the Title IIA Grants by 13.5% and would reduce appropriations for national employment training programs under Title IVD by 38.3%. At a time of record national unemployment and of an increased need for retraining, these reductions threaten the provision of training services to those most in need of services, including disabled individuals. Similarly, the proposed reduction in national activities funds would curtail or eliminate successful national programs targeted to disabled people by several national organizations. In FY 1983, 7 national organizations received $3.5 million from the Department of Labor (DOL) to provide training and placement services to disabled persons throughout the nation. Under an eight-month DOL contract in FY 1982, GIA placed 740 disabled individuals with a placement retention rate of approximately 83%. Such targeted programs to serve people with disabilities are essential in an era of federal block grants and fiscal pressures on the local level. In addition, implementation of block grant programs requires tighter monitoring to ensure that all eligible individuals receive adequate services.

GIA recommends that $2,180.7 million be appropriated for Title IIA Grants and that $93.7 million be appropriated for Title IVD national activities, continuing the Title IIA Grants at the FY 1983 funding level and adjusting the funding level for national programs to meet projected inflation.

Summary of GIA's Recommendations

(dollars in millions)

Program	FY 1983 Appropriation	FY 1984 Authorization	President's FY 1984 Request	GIA Recommendations
Rehabilitation Services				
Basic State Grants	943.90	*	943.90	1,037.80
Rehabilitation Training	19.20	*	19.20	25.50
Independent Living	17.28	*	17.28	45.00
Special Demonstration Projects	11.30	*	10.30	12.21
Projects With Industry	13.00	*	11.00	15.00
Special Recreation Programs	1.75	*	- 0 -	2.00
Client Assistance Projects	2.50	*	- 0 -	3.00
National Institute of Handicapped Research	30.06	*	30.06	35.00
Job Training Partnership Act				
Block Grants	2,180.7	Such Sums	1,886.2	2,180.7
National Activities	89.2	Such Sums	55.0	93.7
Title XX Social Services	2,675.0	2,500.0	2,500.0	2,500.0

*Reauthorization pending

STATEMENT OF FRANK HARRISON, PRESIDENT, SOUTHERN CONNECTICUT STATE UNIVERSITY; REPRESENTING THE AMERICAN ASSOCIATION OF STATE COLLEGES AND UNIVERSITIES

Senator RUDMAN. We will now move on to the section of the hearing dealing with student financial assistance. Mr. Chairman, would you like to introduce the next witness?

Senator WEICKER. Frank Harrison, the president of southern Connecticut, representing the American Association of State Colleges and Universities.

Now, as I understand it—I started to say Southern Connecticut State College—but it is now Southern Connecticut State University.

Mr. HARRISON. That is right, Senator, as of March 1.

Senator WEICKER. Well, you see, that goes to show what I miss by being down here in Washington, and all I know is it is a very fine institution.

Mr. HARRISON. Indeed, it is.

Senator WEICKER. We are very proud of it, and we are very pleased to have you here.

Mr. HARRISON. I'm very pleased to be here this morning, Senator.

As you have already indicated, my name is Frank Harrison. I am president of Southern Connecticut State University, which is located in New Haven, Conn.

I am obviously very grateful for the opportunity to appear before you today, particularly on behalf of several groups I represent with regard to having their views heard on funding higher education programs in fiscal year 1984.

Specifically, I am testifying today on behalf of the American Association of State Colleges and Universities, the American Association of Community and Junior Colleges, and the National Association of State Universities and Land-Grant Colleges.

Together, these associations represent almost 1,500 2-year and 4-year colleges and universities, which together enroll some 10 million students, or 80 percent of the Nation's college enrollments.

On May 2, the American Council on Education testified before this subcommittee on behalf of the entire higher education community. We fully endorse their testimony in support of adequate funding levels for higher education programs.

The public sector of higher education is here today primarily to state its views on funding for the Pell grant program, a program which provided grants of up to $1,800 to over 2.4 million low- and moderate-income students last year.

Unlike other student assistant programs, an increase in the appropriation in this case will not in and of itself necessarily provide higher awards needed to offset inflation for needy students. The program is more complex than that. In past years Congress has decided the maximum grant level as well as other provisions in the program.

The Pell grant program, as you know, I am sure, is by far the predominant source of aid for students in the public sector. According to tudent aid in public higher education, a progress report recently prepared by the three associations I am representing today, 87 percent, or 1.3 million undergraduate dependent need-based aid recipients received a Pell grant in the 1981–82 school year.

For Pell grants, we recommend raising the funding level to at least $3 billion with a maximum award of $2,100. The maximum Pell grant first provided $1,800 to the needy students in fiscal year 1980. At that time the award represented 46 percent of the average cost of attendance for a given student.

Unless the maximum is increased in fiscal year 1984, the current $1,800 maximum will meet only 25 percent of the average cost of attendance. Moreover, the Education Amendments of 1980 provided for a $2,500 maximum grant, and the President has recommended a maximum of $3,000.

As you know, I am sure, Pell grants are currently limited to the maximum grant, or 50 percent of the cost of education, whichever is lower. Because of this provision, even the poorer students attending low cost colleges cannot receive the maximum grant. Only students attending institutions which cost over $3,600 will receive a maximum grant.

Under current law, by raising the maximum to $2,100, the percentage of cost is automatically increased to 60 percent, and this modest increase would help many students at low-cost public colleges who have been unfairly limited by the half-cost provision since the very inception of the program.

However, even with our proposed increase in the maximum award and the percentage of cost, many of our lowest income students still would not receive higher awards because their costs are actually held artificially low by current cost-of-attendance regulations.

As you know, I am sure, the cost-of-attendance allowable in determining Pell eligibility has been limited to $1,500 for students living off campus. This amount has not been increased since the inception of the program in 1972. If this limit had been increased yearly since 1972 just to compensate for inflation, the limit would be $3,600.

The Education Amendments of 1980 allowed institutions to determine the cost of attendance for students living off campus as they do now for students living on campus. But this provision has never been implemented.

As appropriations committees have traditionally set the funding level and the maximum grant, so, too, have they waived the implementation of this provision. They did so in fiscal year 1982, and last year it was again waived by student aid technical amendments, Public Law 97–301.

Mr. Chairman, another year of postponing this provision would unfairly penalize low-income students attending low-cost colleges.

Let me, if I may, give you an example, using my own institution as an illustration.

In this current academic year, there are 1,303 Pell grant recipients at Southern Connecticut State University. Of these, approximately 1,000 live off campus and commute to school. Even though their room and board costs alone total over $2,400, not including the cost of books and transportation and other expenses, they are arbitrarily limited to $1,500, which means that their true cost of attendance is overlooked when they apply for a Pell grant, thus resulting in a substantially lower award.

The actual cost of attending Southern Connecticut State University this year is $3,700, and the neediest students living on campus are eligible to receive a maximum Pell grant of $1,800.

But for students living off campus, their total cost of attendance, including tuition, is held artificially low at $2,383, thereby limiting the poorer students to a maximum grant of only $1,188. Thus, they are unfairly penalized by the provisions of the Pell grant program.

If these students could have included their actual costs in their Pell grant budgets, many of them would have received the full $1,800.

According to data collected by the three public college associations, the national average room and board costs alone for the independent students at public institutions, most of whom lived off campus in 1981–82, was $2,912. In fact, the average total costs for these students to attend one of our institutions in 1981–82 was $6,125.

Thus, you can see how unfair the $1,500 limit is to these students.

Mr. Chairman, it is important to note that the President, in his budget recommendations for fiscal year 1984, has recommended that the commuter allowance be doubled to $3,000 for all students not living with their parents.

As an extreme example of the importance of this change, the City University of New York, CUNY, has estimated that if the President's figure of a $3,000 commuter allowance were implemented, their low-income student body would receive an additional $17.9 million in Pell grants.

For the aforementioned reasons, today we urge the Pell grants be funded at least at a level that would fund a $2,100 maximum Pell award and 60 percent of the cost of attendance without any ratable reduction being used in the payment schedule.

Further, we respectfully ask the subcommittee to include language in its appropriations bills that would come as close as possible, given current appropriations constraints, to the President's recommendation of doubling the commuter allowance or implementing the educational amendments in 1980.

Thank you very much. I would be happy to answer any questions you may have.

Senator WEICKER. I would like to point out that this committee is not in a position to legislate on its appropriations bill. The administration tries it all the time, and I say no to them, so I have to say no to myself, even though I would agree with your suggestions.

I would just like to have you synopsize again, so I get clear in my own mind, how the present funding levels discriminate against the off-campus student. You are talking about his actual cost. What is it that cannot be included?

Mr. HARRISON. The off-campus student is not allowed to include, for example, the cost of board in the cost of attendance.

Senator WEICKER. That is right.

Mr. HARRISON. By virtue of living off campus and incurring—obviously, the students off campus have to pay for lodging, but they don't have to pay for board as part of the formal cost of education. They may not include the cost of board in the cost of attendance, which, therefore, reduces the amount of money that they get.

Conversely, the on-campus student may include the cost of board, the cost of lodging, incidental expenses, books, and so forth.

Senator WEICKER. OK.

Mr. HARRISON. So the on-campus student is benefited somewhat, and the off-campus student tends to be somewhat penalized.

Senator WEICKER. Is your recommendation, then, that everybody be brought into one standard, if you will, without differentiating?

Mr. HARRISON. I think our recommendation, Senator, would be that the commuter allowance be adjusted to provide for the differential in the current funding between on and off campus or, more precisely, to somewhat equalize it and to eliminate what we perceive to be an unfair situation for the off-campus student.

Senator WEICKER. The last question is how do you see this affecting the off-campus enrollment? Have you seen any result as yet—a decline? How is the low-income, off-campus student dealing with the situation as it now exists?

Mr. HARRISON. At our campus, our dormitories are full, and we have probably a larger number that live off campus. I suspect that if we had more dorms we could accommodate more students on campus. My perception is that the off-campus students are probably working and doing other kinds of things to try and fill in the gap.

Most of our students have a job of one sort or another, and those that have to pay the high off-campus costs, which are relatively high in relation to the on-campus student, necessarily must make up for that gap by usually working and so forth, and I think most of the students do.

Senator RUDMAN. Thank you very much for your testimony.

Mr. HARRISON. Thank you, gentlemen.

[The statement follows:]

STATEMENT OF FRANK HARRISON

My name is Frank Harrison and I am President of Southern Connecticut State University in New Haven, Connecticut. I am very grateful for the opportunity for the several groups I represent today to have their views heard on funding higher education programs in FY 1984.

I am testifying today on behalf of the American Association of State Colleges and Universities (AASCU), the American Association of Community and Junior Colleges (AACJC), and the National Association of State Universities and Land-Grant Colleges (NASULGC). Together these associations represent almost 1,500 public two- and four-year colleges and universities which enroll over 10 million students or 80 percent of the nation's college enrollments.

On May 2, the American Council on Education tesified before this subcommittee in behalf of the entire higher education community. We fully endorse their testimony in support of adequate funding levels for higher education programs. Briefly, we support funding for the College Work-Study program at a level of at least $640 million. Funding for this program was increased this year over its $550 million Reconciliation Act ceiling when Congress passed the Emergency Jobs Bill (P.L. 98-8) in March. We also support funding for the Supplemental Educational Opportunity Grant program at least at the Reconciliation level of $370 million. This level would support 620,000 students next year, thus reversing the current trend that has seen an estimated 25,000 students dropped from the program since 1980. We also recommend $77 million for State Student Incentive Grants -- a restoration of $17 million which would bring the program up to its FY 80 level and its Reconciliation ceiling. In addition, the National Direct Student Loan program should be funded at $286 million, its FY 80 and Reconciliation levels. This amount will support 400,000 loans to needy students.

The public sector of higher education is here today primarily to state its views on funding for the Pell Grant program, a program which provided grants of up to $1,800 to over 2.4 million low and moderate income students last year. Unlike the other student assistance programs mentioned previously, an increase in the appropriation will not, in and of itself, necessarily provide higher awards needed to offset inflation to all needy students. The program is more complex. In past years, Congress has decided the maximum grant level as well as other provisions in the program. And that is why we are here today.

The Pell Grant program is by far the predominant source of aid for students in public sector. According to Student Aid and Public Higher Education: A Progress Report, recently prepared by the three associations I am representing, eighty-seven percent (87%) or 1.1 million of 1.3 million undergradute dependent need-based aid recipients received a Pell grant in the 1981-82 school year. The mean award was $788, which covered almost 25 percent of educational cost, and represented almost 53 percent of their total student aid.

This report in general points out the importance of student aid at public institutions. About three million students (31 percent of total headcount) received $6.6 billion in student aid. Almost two-thirds of the need-based aid recipients were dependent students (average family income of $16,500), while the remaining one-third were independent (80 percent with incomes below $9,290, the federal poverty line). The undergraduate recipients had on average an unmet need or gap between total resources (including family contribution, self-help, federal, state and campus grants, and student contribution) and educational costs of $443. For independent student this gap was $1,488.

As the report notes, "the vast majority of those who receive student aid at public colleges and universities would have great difficulty affording college in the absence of such aid."

For Pell Grants, we recommend raising the funding level to at least $3 billion with a maximum award of $2,100. The maximum Pell Grant first provided $1,800 to the neediest students in FY 80. At that time, the award represented 46 percent of the average cost-of-attendance. Unless the maximum is increased in FY 84, the current $1,800 maximum will meet only 25 percent of the average cost-of-attendance. Moreover, the Education Amendments of 1980 provided for a $2,500 maximum grant and the President has recommended a maximum of $3,000.

As you know, Pell Grants are currently limited to the maximum grant or 50 percent of the cost of education, whichever is lower. Because of this provision, even the poorest students attending low cost colleges cannot receive the maximum grant. Only students attending institutions which cost over $3,600 may receive a maximum grant. Under current law, by raising the maximum to $2,100, the percentage of cost is automatically increased to 60 percent. This modest increase would help many students at low cost public colleges who have been unfairly limited by the half-cost provision since the inception of the program.

However, even with our proposed increase in the maximum award and the percentage of cost, many of our lowest income students still would not receive higher awards because their costs are actually held artifically low by current cost-of-attendance regulations. As you know, the cost-of-attendance allowable in determining Pell eligibility has been limited to $1,500 for students living off-campus. This amount has not been increased since the inception of the program in 1972. If this limit had been increased yearly since 1972 just to compensate for inflation, the limit would be $3,600. The Education Amendments of 1980 allowed institutions to determine the cost-of-attendance for students living off-campus (as they do now for students living on-campus), but this provision has never been implemented. As appropriations committees have traditionally set the funding level and the maximum grant, so too have they waived the implementation of this provision. They did so in FY 82, and last year, it was again waived by the Student Aid Technical Amendments (P.L. 97-301).

Mr. Chairman, another year of postponing this provision would unfairly penalize low-income students attending low cost colleges. Let me give you an example, using my own institution as an illustration.

In this current academic year, there were 1,303 Pell Grant recipients at Southern Connecticut State University. Of these, more than 1, 000 lived off-campus and commuted to school. Even though their room and board costs alone totalled over $2,400, not including the costs of books, transportation and other expenses, they were arbitrarily limited to $1,500, which meant that their true cost-of-attendance was overlooked when they applied for a Pell Grant, thus resulting in a substantially lower award. The actual cost of attending Southern Connecticut State University this year was $3,700 and the neediest students living on-campus were eligible to receive a maximum Pell Grant of $1,800. But for students living off-campus their total cost-of-attendance including tuition, was held artifically low at $2,383, thereby limiting the poorest students to a maximum grant of only $1,162. Thus, they were unfairly penalized by both provisions in the Pell Grant program. If these students could have included their actual costs, many of them would have gotten the full $1,800.

According to data collected by the three public college associations, the national average room and board costs alone for the independent students at public institutions, most of whom lived off-campus in 1981-82 was $2,912. In fact the average total cost for these students to attend one of our institutions in 1981-82 was $6,125. Thus, you can see how unfair the $1,500 limit is to these students.

Mr. Chairman, it is important to note that the President, in his budget recommendations for FY 84, has recommended that the commuter allowance be doubled to $3,000 for all students not living with his or her parents. As an extreme example of the importance of this change, the City University of New York (CUNY) has estimated that if the President's figure of a $3,000 commuter allowance were implemented, their low-income student body would receive an additional $17.9 million in Pell Grants.

For the aforementioned reasons, we urge that Pell Grants be funded at least at a level which would fund a $2100 maximum Pell award and 60 percent of cost-of-attendance without any ratable reduction being used in the payment schedule. Further, we ask the subcommittee to include language in its appropriations bills that would come as close as possible, given current appropriations constraints, to the President's recommendation of doubling the commuter allowance, or implementing the Education Amendments of 1980.

I would be happy to answer any questions you may have.

STATEMENT OF FATHER T. BYRON COLLINS, SPECIAL ASSISTANT TO THE PRESIDENT, GEORGETOWN UNIVERSITY

Senator RUDMAN. The next witness, Father Collins of Georgetown University.

Father COLLINS. Senators.

Senator RUDMAN. Welcome, Father Collins.

Senator WEICKER. Hi, Father, how are you?

Father COLLINS. Fine. I will be very brief—five points.

One, college housing.

Father George is not here. I present his case.

This is a very important program, in existence since 1958. The administration, for 15 years, has tried to close it. We have advocated that it be kept open.

It is a program where some $2 billion, lent to the colleges, is paid back $200 million a year. We recommend that $40 million be relent for critical needs, which is last year's level. It is at no cost to the Federal Government.

Second, campus-based programs of the administration. We advocate the principle of a student working. The complex reasoning they use for dismantling the Pell, the SEOG programs, we question its wisdom, as was testified by the man before us.

Third, on nurses—Georgetown has a school of nursing. We support the request of the American Nurses Association. Specifically one program, the advanced nurses program, should be left at the figure that the American Nurses Association requests, $16 million. Presently, this year is $13 million. The administration proposes to reduce it to $1.1 million. I think that is a great mistake.

There are 2.2 million registered nurses; 1.7 million serve all our hospitals. The advanced nursing program is the core of teaching the nurses to be administrators. Very critical and a national need.

The next is the HEAL program, a loan program for health professions. This is a no-cost program to the Federal Government, very expensive to the students who use it as a last resort. We recommend it be left at the authorized level.

The final point is on the Library of Medicine. We support the request of $7.6 million, and ask it be increased by $300,000 for a specialty program in which Georgetown has a very vital interest, and that is in the bioethics dissemination program in the library that is associated with it, something very critically needed now by the hospitals throughout the United States. They have a capability of calling in with ethical problems.

Those are the sum of my recommendations to the committee, Senator Rudman.

Senator RUDMAN. Thank you, Father Collins.

I wonder if you might want to comment on the Senate Banking Committee recommendations to raise the interest of college housing loans program from 3 percent to the current market rate.

Father COLLINS. It would be unfair. That program—there is another way to do it, a much better way. That is to refinance it, as they have had—their suggestion—the financing was through the Federal National Mortgage Association. Much better. You can get it around 8 percent rather—and the money is being paid back by the college, about $200 million a year.

To go back and say you are going to institute a new program, the colleges can go to a bank and do the same thing, but what you have to do is pledge your body and soul to get it.

So I think if they are serious, I will be glad to meet with whoever proposed it and show them a better way.

Senator RUDMAN. Thank you very much, Father Collins. I appreciate your being with us today.

Father COLLINS. Right.

[The statement follows:]

Statement of Father T. Byron Collings, S.J.

Mr. Chairman and members of the Committee, I am Father T. Byron Collins, S.J., Special Assistant to the President of Georgetown University. With me is Mr. Kenneth Kohl, Director of Financial Aid at Georgetown University.

DEPARTMENT OF EDUCATION - STUDENT AID

Georgetown University questions the wisdom of the procedures in the Pell Self-Help Grant Proposal made by the Reagan Administration. We do not, however, disagree with the philosophy which the Administration uses to support their proposal - students should work and borrow before receiving grants.

Students at Georgetown University are expected to work and borrow substantial amounts as a part of their financial aid package. A typical needy sophomore (family income up to $30,000) would receive a $2500 Guaranteed Student Loan and an $1800 Work Study Job as a standard "package" on the basis of a budget for tuition, room, board, books and miscellaneous expenses of $11,700. Therefore, we support the philosophy of the Administration but that is where the agreement ends.

The reason we strongly disagree with the Administration proposal is that it would eliminate two very important programs, Supplemental Education Opportunity Grants and National Direct Student Loans. The costs to the University of elimination of these programs exceeds $1,000,000. At Georgetown, this loss is not replaced by additional Pell Self-Help Grants. If we understand the formulae for computing Pell Self-Help Grants correctly, our existing Pell Grant population would lose an additional $200,000 from their present Pell Grant level when these formulae are applied. The total loss to the University of $1,200,000 from Supplemental Grants, National Direct Student Loans and Pell Self-Help Grants as presently described would cause our present students of lower income --about 30% of our student body-- to be without sufficient financing to complete their education at Georgetown. It is our conviction that we would no longer be able to meet the financial needs of this vital and vibrant section of our student body if this occurred.

As a consequence of the foregoing, we ask that the Congress retain the present Campus Based Program and Pell Grant Program. Not only would this preserve continuity of financial assistance at most universities, but it would permit the students presently receiving funds from these programs to continue with their education. If these programs are eliminated, those students presently receiving these funds may well be forced to withdraw from these universities and lose their opportunity for an education, at the institution of their choice.

DEPARTMENT OF HEALTH AND HUMAN SERVICES
THE HEALTH EDUCATION ASSISTANCE LOAN PROGRAM (HEAL)

This loan program is a last resort, but necessary, program for our medical and dental students. It provides very expensive money (interest accumulating from the date of the loan at 91-day T bill + 3.5%) from private banks. As other loan sources have declined, the demand for Federally guaranteed loans has soared. At Georgetown, our students have required HEAL loans of $300,000 the first year, the following year of $1 million and last year, $4 million. We expect they may need to borrow as much as $7 million in the coming academic year.

Although there is no budget cost with this program, the Administration has constantly sought to limit Federal guarantee of this program. (For example, $80 million in FY 1982, instead of the $200 million authorized). Again the Administration wishes to limit FY 1984 guarantees to $175 million, instead of the $250 million authorized for FY 1984.

It is clear that accelerating demand for the HEAL Loans will exceed $175 million in FY 1984. Since there is no budget cost to this loan, we urge the subcommittee to delete the proposed Administration limit so that loans can be guaranteed up to the authorized level. Since there is a bankruptcy prohibition provision in the law and an insurance premium to cover default, this program is a nearly fully guaranteed federal repayment loan program. It is vital to all health professions students, especially medical and dental students.

SAINT ELIZABETHS HOSPITAL AND GEORGETOWN UNIVERSITY

(Submitted by Hospital Administrator - Georgetown University Hospital)

SUBJECT: TERMINATION OF GEORGETOWN UNIVERSITY CONTRACT WITH SAINT ELIZABETHS HOSPITAL

As a result of the abrupt termination, by Saint Elizabeths Hospital, of its contract with Georgetown University on March 2, 1983, Georgetown University Hospital submitted a proposal to Saint Elizabeths Hospital on March 9, 1983 to recover costs incurred by GUH under the contract.

This proposal requested reimbursement for the following expenses:

A)	Project Expense	$143,040
B)	Unexpired Salary Expense -for dedicated SEH faculty and residents	132,235
C)	Salary Expense -cost of retaining nursing staff until other arrangements could be made to utilize employees assigned to dedicated SEH nursing unit	127,703
	TOTAL	$402,978

NURSING PROGRAMS

Georgetown University joins the American Nurses' Association which, representing the American nursing community, strongly opposes the cutbacks in nursing education and research in the Administration's Budget Proposals for FY 1984.

The proposed radical reduction in funding, which had already been slashed by more than 50%, would be devastating to nursing and would contravene the recommendations of the Institute of Medicine, which called for continued federal support at the 1981 level (about $80 million). The Institute's recommendations are based on a study conducted at the request of Congress; its report asserts that RNs with high quality graduate education are a "scarce national resource."

The Administration proposes to eliminate Nursing Student Loans, Professional Nurse Traineeships and Nursing Research Programs; cut Nursing Special Projects by nearly 50%; and cut Advanced Nurse Training Programs by 91%! Its request for a little over $13 million falls woefully short of the $69 million recommended by the American Nurses' Association as imperative to ensure sufficient numbers of nurses qualified to provide a full range of nursing services.

Georgetown University supports the ANA recommendations because it believes that:

1. elimination of the student loan program would discriminate against students from low income families;
2. elimination of professional nurse traineeships would bar RNs from advanced training in specialties of national priority interest. (For 1982-83, Georgetown applied for a grant of $99,590 for such traineeships but received only $26,502.

Nevertheless, it was able to assist 9 graduate students specializing in gerontologic nursing and nurse-midwifery.)

3. the cutbacks would jeopardize Georgetown's recently inaugurated graduate program in specialties of national priority interest which currently depend on Advance Nurse Training Program support:

    a. Gerontologic Nursing and Nurse-Midwifery were supported by a grant of $222,952 for 1982-3; a grant of $115,318 was recommended by the Department of Health and Human Services for 1983-84. Withdrawal of this support would imperil program continuation.

    b. Nursing Administration in Health Services is supported by a federal grant of $148,711 for 1982-3; the Department of Health and Human Services recommended program support of $143,592 for 1983-4 and $145,881 for 1984-5. When only 28% of nursing administrators -- who are responsible for over one-half of a hospital's budget and one-third of its personnel -- have the specialized training for these responsibilities, it would be false economy to truncate the very programs that promise the taxpaper both efficacy and cost containment.

A NATIONAL BIOETHICS LIBRARY AND INFORMATION CENTER

The National Library of Medicine has an ongoing program of extramural support under the authority of the Medical Libraries Assistance Act. The President's Budget for FY 1984 requests funding for this program at a level of $7.6 million. The funding level should be increased by $500,000 to enable the National Library of Medicine to cover the operating costs (including initial renovation costs) of an ongoing Bioethics Library and associated Information System, as a National reference center.

APPROPRIATIONS COMMITTEE - SUBCOMMITTEE ON LABOR HHS

Mr. Chairman and members of the Committee, I am Father William L. George, S.J. Special Assistant to the President of Georgetown University.

The College Housing Loan Program serves college students in every state and is functioning competitively and efficiently. (Attachment 1) This revolving loan fund has housed students, created jobs, and generated additional capital from commercial sources.

As one example, Georgetown University's Village "B" project received a $3.5 million loan from the Department of Education, borrowed another $4 million commercially, and created more than 500 jobs over an 18-month period.

Would you please keep the College Housing loan program functioning at least at the $40 million level in your previous bill.

The need is evidenced by more than $450,000,000 worth of applications received for Energy Conservation and Housing loans last year. The Executive branch, in its own request, demonstrated an ability to award $300,000,000 over the next six years. (Attachment 2). With this amount contained in unobligated balances, would your Committee provide authority up to $60,000,000 for energy conservation and housing loans this year?

The criteria for selection are competitive: need based for housing, and conservation/economic efficiency for energy loans. The repayment schedules differ however, with housing repayments over 30 years, and energy loans at 2 years over the conservation/economic estimated payback period. As energy projects over $250,000 are a significant capital investment, similar to housing loans, would you recommend that repayment schedules over $250,000 be repaid on the same schedule as housing loans.

Initially college housing loans were awarded to colleges with 40 year repayment schedules, though the GNMA notes were 20 years. At the time, the intention was to refinance the GNMA notes for another 20 years to match original repayment schedules of 40 years. Would your Committee direct the department to refinance the College Housing loan program, so that the phasing out of the program may be more orderly, and that colleges may continue to benefit as was originally intended. This program does not require new appropriations since its expenses are funded by the funds received through interest and principal repayments.

On behalf of our President, Rev. Timothy S. Healy, S.J., thank you for the opportunity to testify before this Committee.

(Attachment 1)

College Housing Program - FY 1982

Applications Received:	Housing	172	
	Energy	82	
	Total	254	
Amounts Requested:	Housing		$407,615,345
	Energy		46,652,639
	Total		$454,267,984
Applications Funded within available funds:	Housing	14	$30,043,000
	Energy	5	9,957,000
	Total	19	$40,000,000

(Attachment 2)

9/10/82

Schedule B

College Housing Loan Program: Participation Sales Fund Balances, FY 1982 - FY 1988
(Federal Assets Liquidation Trust and Federal Assets Financing Trust)

	1982	1983	1984	1985	1986	1987	1988
rincipal balance, start of year rincipal plus income)	$20,984	$50,730	$136,886	$242,139	$369,638	$451,504	$446,806
(FALT)	(1,958)	(821)	(1,956)	(3,341)	(4,968)	(4,698)	—
(FAFT)	(19,026)	(49,909)	(134,930)	(238,798)	(364,940)	(446,806)	(446,806)
Principal Transfers	40,784	81,336	92,249	104,496	46,751	---	—
(FALT)	(11,721)	(1,057)	(1,199)	(1,357)	---	---	—
(FAFT)	(29,063)	(80,279)	(91,050)	(103,139)	(46,751)	—	—
Investment income	1,882	4,820	13,004	23,003	35,115	42,892	11,742
(FALT)	(62)	(78)	(186)	---	---	---	—
(FAFT)	(1,820)	(4,742)	(12,818)	(23,003)	(35,115)	(42,892)	(11,742)
Retirement of PC's	-12,920	—	—	—	—	-4,698	-446,806
(FALT)	(-12,920)	—	—	—	—	(-4,698)	—
(FAFT)	—	—	—	—	—	—	(-446,806)
rincipal balance, end of year	50,730	136,886	242,139	369,638	451,504	446,806	—
(FALT)	(821)	(1,956)	(3,341)	(4,698)	(4,698)	—	—
(FAFT)	(49,909)	(134,930)	(238,798)	(364,940)	(446,806)	(446,806)	—
urplus income, cumulative	—	—	—	—	—	42,892	54,634
urplus income, transferred to ED	—	—	—	—	—	—	54,634

(Attachment 2A)

	1982	1983	1984	1985	1986	1987	1988
GETARY RESOURCES							
obligated balance, start of year	$9,920	$6,549	$6,500	$6,500	$6,500	$6,500	$49,392
llections from:							
. Investment income from participation sales fund	1,882	4,820	13,004	23,003	35,115	42,892	11,742
. College housing loans:							
(1) Principal payments	81,242	81,906	81,800	81,800	81,800	81,800	81,800
(2) Interest payments	94,182	94,952	94,900	94,900	94,900	94,900	94,900
propriation, permanent	200	40	---	---	---	---	---
Total, budgetary resources	187,426	188,267	196,204	206,203	218,315	226,092	237,834
EXPENSES							
terest to Treasury	-68,712	-70,848	-67,872	-65,623	-63,373	-61,124	-58,875
terest on participation ertificates	-28,682	-28,138	-28,138	-28,138	-28,138	-28,138	-28,138
an servicing expenses	- 645	- 645	- 645	- 645	- 645	- 645	- 645
operty management servicing expenses	- 500	- 800	- 800	- 800	- 800	- 800	- 800
incipal transfers to participation sales fund	-40,784	-81,336	-92,249	-104,497	-46,751	---	---
w loan reservations	-40,000	---	---	---	---	---	---
justments	- 1,554	---	---	---	---	---	---
otal, expenses and transfers	-180,877	-181,767	-189,704	-199,703	-139,707	-90,707	-88,458
NSFERS TO TREASURY							
obligated balance transferred	---	---	---	---	-72,108	-85,993	-142,876
	---	---	---	---	-------	-------	-------
BLIGATED BALANCE, END YEAR (Budgetary sources less expenses d transfers)	6,549	6,500	6,500	6,500	6,500	49,392	6,500

STATEMENT OF ROSE-MARIE OSTER, DEAN, THE GRADUATE SCHOOL, UNIVERSITY OF MARYLAND, REPRESENTING THE ASSOCIATION OF AMERICAN UNIVERSITIES

Senator RUDMAN. Rose-Marie Oster, dean of the graduate school, University of Maryland, representing the Association of American Universities.

Good morning.

Ms. OSTER. Good morning. I appreciate having the opportunity to testify before you today.

As you indicated, I am Rose-Marie Oster, dean for graduate studies and research at the University of Maryland.

I am here today representing the four national education associations that include among their members nearly all of our Nation's graduate schools—the Association of Graduate Schools, the Association of American Universities, the Council of Graduate Schools in the United States, and the National Association of State Universities and Land Grant Colleges.

In the next couple of minutes, I would like to highlight our proposal and request that my complete testimony be entered into the record.

We all realize the extraordinarily difficult task that you face in apportioning limited Federal funds among many petitioners, and I will restrict my testimony today primarily to the college work-study program in title IV of the Higher Education Act.

With this emphasis, we do not wish to indicate any lack of concern for other programs. Two other programs that we consider particularly worthy of support for graduate students are the national graduate fellows program and the graduate and professional opportunities program, which is the program aimed at attracting to graduate education minorities and women, who are under-represented in certain disciplines.

Federally sponsored fellowships and traineeships have decreased from a peak of 51,400 for graduate and professional students in 1968 to approximately 9,000 in 1980. Important private sources have also dried up over the past decade.

Such a dramatic decline in funding for this important group of students must be a matter of national concern. Graduate students of today are the intellectual leaders of tomorrow, and we will depend on them in many crucial areas as leaders in many fields, in the private sector as well as in the public.

They are an essential resource for the health and vitality of our research universities, whose vitality and diversity has been the main strength of American education.

We think that the administration demonstrated thoughtfulness and wisdom when it recommended $350 million of additional Federal support for the work-study program, for which Congress has already appropriated $50 million in new funds for 1983.

We, however, advise prudence and recommend only an additional $100 million in 1984, which would bring the total to $690 million.

It is reasonable to ask why we emphasize today the college work-study program.

First, in the graduate community we are very much concerned about the growing dependence of students on the loan programs. For 1980–81, graduate and professional students borrowed $2.3 billion, and the number of students was in excess of 50 percent of all graduate and professional students.

Second, the work-study program provides more than financial aid alone. Our students are assigned to duties as teaching, research, or administrative assistants, and it is an important part of the professional apprenticeship that takes place in the graduate school. Thus, the funds provided for their support contribute needed additional resources for the teaching and research mission of the university.

According to one report, the number of graduate students on college work-study increased from 4,600 students in 1965 to 39,327 in 1978–79, and that number is still growing. At my own campus, in 1980 we initiated a college work-study program for graduate students, and we now provide approximately $150,000 in support to almost 90 graduate students, and we feel so strongly about this program that we have provided need-based tuition scholarships in an amount matching the Federal aid, and that in addition to the required 20 percent of matching funds.

Without an increased appropriation for college work-study programs, graduate students cannot expect the greater portion of the allotted funds because under level funding, if graduate students receive more college work-study support, undergraduates will receive less. Neither of you know we want this to happen.

Our request is straightforward. We ask that you increase work-study support to $690 million in fiscal year 1984, as well as funding the GPOP program with $14 million and the national graduate fellows program at $4 million.

We submit this request because, first, it is poor public policy to burden graduate students too heavily with loans, and, second, a consistent long-range Federal support program is necessary to help us maintain a strong leadership pool.

I appreciate this opportunity to testify.

Senator RUDMAN. Thank you very much.

Ms. OSTER. Thank you. I will be happy to answer any questions.

Senator RUDMAN. I think we are all set.

Ms. OSTER. Thank you.

[The statement follows:]

STATEMENT OF ROSE-MARIE OSTER

Mr. Chairman, Members of the subcommittee, I am Rose-Marie Oster, Dean for Graduate Studies and Research at the University of Maryland, College Park. I am here today representing the four national education associations that include among their members nearly all of our nation's graduate schools: The Association of Graduate Schools, the Association of American Universities, the Council of Graduate Schools in the U.S., and the National Association of State Universities and Land-Grant Colleges.

We all realize the extraordinarily difficult task that you face in apportioning limited federal funds among many petitioners, and I will restrict my testimony today principally to the College Work-Study Program in Title IV of the Higher Education Act. With this emphasis, we do not wish to indicate any lack of concern for other programs, including two critically important programs: G*POP and the National Graduate Fellows Program.

We are disturbed by the Administration's proposal to zero-fund G*POP, which is vital for providing access to graduate education for minorities and women who have long been underrepresented in graduate education in certain disciplines. We would urge a $14 million appropriation for this program, which has been so successful in correcting inequities suffered by these groups.

The National Graduate Fellows Program, Part C of Title IX of the Higher Education Act, would provide much needed fellowship support for a small number of the very best college graduates to undertake graduate study in the arts, humanities and the social sciences. A small appropriation of $4 million would provide for 450 first-year fellowships. By supporting this program, Congress will demonstrate its commitment to supporting the highest level of scholarship in these essential disciplines. Such support will also help build the capacity required to meet the demands of the mid 1990's, when a sharp increase in the number of college-age students will coincide with a high rate of retirement among current faculty.

However, I wish today to address particularly the issue and importance of College Work-study funds in support of graduate students. In an informal survey of just 13 of the AAU institutions, the unmet financial need of graduate students at these schools last year was reported at $34 million. A brief glance at the recent history of graduate student funding will explain why this is an indication of vast, nationwide, unmet financial need.

Federally-sponsored fellowships and traineeships have decreased from a peak of 51,400 for graduate and professional students in 1968 to approximately 9,000 in 1980. Important private sources of support have also dried up over the past decade. In 1975, the Ford Foundation's Woodrow Wilson National Fellowship Program was terminated, and the Danforth Foundation has recently ceased its major fellowship program for graduate students.

Such a dramatic decline in funding for this important group of students must be a matter of national concern. Graduate students of today are the intellectual leaders of tomorrow, and we will depend on them in many crucial areas -- as leaders in all fields, in the private sector as well as in the public; as leaders in the business community, in high-tech companies and the health-related industries, in federal and state research institutions, and in our universities; as leaders in the competition with other nations and as leaders in the social sciences and humanities to expand our knowledge of man of our own and other cultures, and to preserve our artistic and cultural heritage. They are an essential resource for tomorrow and essential today for the health of our research universities whose vitality and diversity have been a main strength of American education. We must not allow our best and brightest students to be drawn away by immediate work opportunities or be discouraged by a lack of adequate funding. We must not shut the door to any of the minority groups in our society who at last have the opportunity to reach the highest levels of achievement to which they aspire.

We think that the Administration demonstrated thoughtfulness and wisdom when it recommended $350 million of additional federal support for the College Work-Study Program, of which Congress has already appropriated $50 million in new funds for 1983. We advise prudence and recommend only an additional $100 million in 1984, which would bring the total to $690 million.

There are various Title IV programs that serve graduate students -- GSL and NDSL, as well as CWS -- and it is reasonable to ask why we emphasize today the College Work-Study Program. First, in the graduate community we are very concerned about the growing dependence of students on the loan programs. In fact, loans have gradually replaced fellowships and traineeships as the dominant federal support vehicle for graduate students. While loans will certainly continue to play a role, they cannot and should not become the sole means of support. As the costs of education have increased, so have the loan burdens on graduate students. Soon it will not be unusual for assistant professors making $20,000 a year to have student loan repayments ranging from 20% to 35% of their take-home pay. In contrast, work-study support reduces the need for huge loans, reduces the eventual monthly payments and also reduces the federal loan subsidies.

Second, the work-study program provides more than financial aid alone. Graduate students on work-study are not employed in make-work or menial jobs. They are assigned duties as teaching, research, or administrative assistants, and thus the funds provided for their support contribute needed additional resources for the teaching and research missions of the university. Moreover, these work-study assignments aid in a very important way the education of graduate students, offering them valuable learning experiences that are not always available in the formal curriculum.

College work-study has been received with growing enthusiasm among graduate schools across the country. According to one report, the number of graduate students on CWS increased from 4,600 students in 1965 to 39,327 in 1978-1979. And that number is still growing. At my own campus, we initiated a college work-study program for graduate students in 1980 and now provide approximately $150,000 in support to almost 90 students. In fact, the college work-study program, with its potential for support to our university mission, was considered so important we provided need-based tuition grants for students on work-study who qualified for additional financial aid.

Without an increased appropriation for college work-study, however, graduate students cannot expect a greater portion of the allotted funds, because under level funding, if graduate students receive more college work-study support, undergraduates will receive less. Neither you nor we want that to happen.

Our request is straight-forward, Mr. Chairman. We ask that you increase work-study support to $690 million in FY 1984 because, first, it is poor public policy to burden graduate students too heavily with loans, and second, a consistent, long-range federal support program is necessary to help us maintain a strong leadership pool.

Thank you very much for this opportunity to testify.

STATEMENT OF JANICE FINE, PRESIDENT, UNITED STATES STUDENT ASSOCIATION

Senator Rudman. Our next witness had some flight problems and will not be able to be here this morning, but we're going to include his statement on behalf of the American Student Association in the record and I will then call on Janice Fine, president, United States Student Association.

[The statement follows:]

STATEMENT OF THE AMERICAN STUDENT ASSOCIATION

The American Student Association is pleased to be afforded and appreciates the opportunity to appear before the Subcommittee to present our association's views on the proposed FY 1984 appropriations for the Department of Education and specifically those proposed appropriations relating to students in higher education.

The American Student Association is the nation's largest student organization with over 750 member-schools in all fifty states and some of the territories at which over 5.9 million higher education students are enrolled. With college and university tuitions rising across the country, our membership is deeply concerned and will be substantially affected by these appropriations.

The Administration has proposed a major philosophical shift in Federal student aid -- what it terms a return to the traditional emphasis on parental and student contributions as the primary basis for meeting college costs. The Administration's proposal, called "self-help aid," would require students to provide a minimum of 40 percent (or a minimum of $800, whichever is greater) of their total educational expense through work or loans before obtaining Federal grant aid.

To facilitate the new self-help aid concept the Administration has proposed to increase appropriations for the work study program, cause more funds to be made available under the guaranteed student loan program and proposed to replace the Pell, SEOG and SSIG grants with a new self-help grant.

On average, ASA supports the self-help concept as the method of providing Federal aid to students seeking higher education which best serves the public interest. However, we do not agree with the timing and many components of the Administration's plan for facilitating this concept. Below we review the Administration's FY 1984 proposals program by program.

Guaranteed Student Loans

The Administration proposes to cause more funds to become available to students by achieving cost-savings through the establishment of a needs test for all student loan applicants (as opposed to only those students with incomes over $30,000 as provided by current law) and by increasing the origination fee for graduate and professional student loans from 5% to 10%.

Although ASA can identify no compelling reason to implement this change in policy now as opposed to next year in tandem with the reauthorization of the Higher Education Act, we believe at this time that such a change is in the best interest of truly needy students. Accordingly, we endorse this proposal.

However, ASA firmly opposes any increase in the origination fee for graduate and professional students. The original 5% origination fee was adopted by the Congress only as a short-term mechanism to produce savings in the Omnibus Reconciliation Act of 1981 and not as an on-going instrument to achieve de facto reductions in actual loan monies received. Additionally, the Administration has not made a sufficient case for establishing the relationship between the origination fee and the lender's cost of originating the loan. Moreover, an increase in the origination fee would tend to penalize those students of greatest need -- those who borrow more -- and hence contribute to an abatement in access to graduate level education.

Work Study Program

The Administration proposes to augment college work study funding by 57% in FY 1984. ASA is concerned that a mere increase in the level of appropriations will not effectively meet the challenges of the Administration's self-help concept. We are not convinced that under current law and regulation colleges and universities can effectively use the proposed $850 million. Of the $528 million appropriated for academic year 1981-82, $8.2 million was returned to the Federal government, $12 million was carried over to the next academic year and $18.4 million was transferred to the supplemental educational opportunity grant program.

Of considerable concern to ASA is the placing of limits on the amount of work study funds which may be used in non-academic work. Finally, we are also concerned that many students might be compelled to work so much that they will be unable to devote sufficient time and energies to their educational studies.

We propose that the self-help concept might be better facilitated if college work study funds had no restrictions as to its use on- or off-campus, were available to students either during the academic year or during the summer session and were available to students for use either in the geographical proximity of the institution or in the student's home town. Of course, strict fraud prevention regulations would be needed. However, ASA believes these changes would allow the effective use of all of the proposed college work study appropriations and in a fashion congruent with the self-help concept.

Therefore, ASA supports the augmented funding for the college work study program together with major modifications to the program's uses as outlined above.

National Direct Student Loans

The Administration has proposed to eliminate the Federal capital contribution to the National Direct Student Loan (NDSL) program. The Administration's proposal calls for a major remodeling of the Federal financial aid structure. While funds for loans would continue to be available in FY 1984 through institutional collections on prior years' loans, the effect of this proposal is to eliminate this program at a more than graduate pace. ASA is very much concerned over what the elimination of this program might mean to accessible higher education in America.

Moreover, as a loan form of financial aid, ASA believes that the NDSL program could be a meaningful component of the self-help concept.

In the final analysis, ASA disagrees at this time with the Administration's proposal and would prefer to defer meaningful consideration of such a significant remolding of the Federal financial aid programs until next year when a more wholesome and balanced dialogue can occur under the auspices of the Higher Education Act reauthorization.

ASA supports a Federal capital contribution to the NDSL program in FY 1984 at the FY 1983 level of $178.5 million, adjusted for inflation.

Pell Grant, Supplemental Educational Opportunity Grant and State Student Incentive Grant Programs

The Administration has proposed to eliminate the Pell grant, Supplemental Educational Opportunity Grant (SEOG) and State Student Incentive Grant (SSIG) grant programs and to replace these programs with a new program of self-help grants. The new grants would provide students with a single grant award of up to $3,000.

ASA is uncertain as to the full consequences of this plan at this time and believes that the plan will actually result in a real reduction in available financial aid funds and have a disproportionately adverse affect on smaller, low-tuition schools located principally in the South and West as opposed to the larger, high-tuition schools found in large numbers in the North and East.

ASA believes that a great deal more study is needed before these proposals can receive meaningful and prudent consideration and urges that they, too, be considered next year in tandem with the Higher Education Act reauthorization.

For FY 1984, ASA supports continued funding for all three existing programs. In the case of Pell grants, we support an appropriation at the FY 1983 level of $2.4 billion, adjusted for inflation. For SSIG, we support an appropriation at the FY 1982 level of $73.6 million. For the SEOG program, we support an appropriation at the FY 1983 level of $355.4 million, adjusted for inflation.

Other Appropriations

ASA believes that the Special Programs for the Disadvantaged (TRIO), aid to historically black colleges and universities, bilingual education programs, vocational education programs and veterans' education programs are all important components of America's higher education objectives. We do not agree with the Administration's ostensible proclivity to de-emphasize these programs or curtail their budgets without first establishing a compelling case in support of such action.

We would encourage this Subcommittee and the Congress to apply close scruntiny to the proposed appropriations for each of these programs and to ensure that the appropriations will guarantee the spirit and reflect the importance of each program.

Conclusion

In conclusion, the American Student Association views the state of education in America with the same alarm and concern recently expressed by a commission of 51 American business, academic and labor leaders and by the Administration's National Commission on Educational Excellence. We laud the Administration's efforts to date to improve educational quality in America. However, we firmly believe that if America is to effectively meet the diverse educational challenges of tomorrow, it must pay the bill today. Education must be as important a component in the rebuilding of America as any other.

Again, the American Student Association appreciates the opportunity to present this testimony before the Subcommittee.

Senator Rudman. Good morning. I wonder if you could tell me the difference between the American Student Association and the United States Student Association.

Ms. Fine. You have a couple of hours?

Senator Rudman. Not really. How about a minute?

Ms. Fine. Sure. The United States Student Association used to be the National Student Association. We've been around for about 37 years now, founded by retired World War II veterans who wanted to have a domestic forum for students to discuss the issues.

In addition, USSA has been working for the last 10 or 15 years particularly on access to financial aid in higher education. The American Student Association has not had a full-time lobbying presence at all on the Hill and is not a part of the coalitions in higher education in Washington.

Senator Rudman. OK.

Ms. Fine. I appreciate the opportunity to be here today. My name is Janice Fine and I'm the president of the United States Student Association which represents over 3 million students attending higher education institutions, both public and private, 2-year and 4-year.

USSA in coalition with COPUS, which is the national coalition of independent college and university students, and NOBACS, the national organization of black university and college students, organized national student action and lobby day this past March.

This was a chance for students to come to Washington to directly express their concerns to Members of Congress on both the budget and appropriations decisions affecting full funding of student financial aid programs.

Students are constantly engaged in the access game, whether it is through full enforcement of civil rights laws on campuses such as title IX, title VI, and section 504, or through the availability of student financial aid.

USSA views the access game as fairly played if institutions open their doors enabling students to evolve through gaining valuable skills and experience through the educational process.

There are many angles to access such as receiving accurate and timely information about student aid and education opportunities coupled with the continued availability of adequate financial assistance for college.

Our comments today will focus on students' educational access through the existence of student financial aid programs and how these programs which diminish barriers for low- and moderate-income students are being disproportionately affected by fiscal year 1984 budget proposals.

Over the last 3 years we have witnessed an erosion of financial aid dollars with level funding of programs resulting in real losses to students of over 23 percent. This figure does not even include the phaseout of student social security benefits which has affected both students in college and female heads of household on the brink of poverty.

These reductions, compounded by confusion over program regulation changes, have jeopardized educational opportunities for both prospective and enrolled students.

The fiscal year 1984 budget submitted by President Reagan calls for major restructuring of title IV student financial aid programs. The intent of these programs is to dramatically alter or eliminate vital student aid programs through the budget and appropriations process.

If in fact any changes were warranted, the appropriate channel for major programmatic changes is the Higher Education Act of 1965 reauthorization process. Reauthorization hearings provide for extensive public input and congressional debate over proposals to change the shape of these programs.

During the last 2 months, the national student education fund, our co-organization committed to developing student leadership training skills and USSA member student governments, have been sponsoring hearings in 10 States to provide students with an opportunity to present their views on how the current financial aid system is meeting their needs. The proceedings from these hearings will be compiled by USSA and used in our testimony about the reauthorization process.

The administration's higher education budget places a new emphasis on self-help under the banner "Student Aid—A New Philosophy." This supposedly new philosophy incorrectly assumes that students and their parents have not been bearing a significant portion of their education costs all along.

The shifting of an even greater responsibility onto the family would clearly increase student dependence on work and loans, since the 40 percent contribution is expected to be generated through college work study, summer jobs, and loans—both GSL and NDSL.

These proposals come at a time of record unemployment affecting both students and their parents, few summer job openings and the possibility of the enactment of the youth subminimum wage.

As a result, USSA views this proposal as illogical. Attempts to require students to assume a higher percentage of their educational expenses while proposing to decrease their earnings potential if they are fortunate enough to earn any wages at all is inconsistent and grossly unfair.

A cursory review of the fiscal year 1984 budget shows an increase in Pell grant funding from $2.419 billion to $2.713 billion and an increase in the maximum award to $3,000.

Upon further examination one will note that this figure represents a consolidation of Pell grants, supplemental educational opportunity grants, and State student incentive grants. This consolidation would result in the loss of at least 1 million grants and loans to students through the elimination of the SEOG, SSIG and no new Federal capital for national direct student loans.

By the administration's own estimates, a loss of over 400,000 Pell awards would take place. USSA supports increased funding levels for Pell grants to minimize the impact of prior student aid cuts and to provide additional funds students need to meet rising educational costs, but not coupled with the restructuring plan which results in the loss of necessary student aid programs which help to insure access.

The reduced number of Pell grant awards which would result from this restructuring proposal would disproportionately affect minority and women students at postsecondary institutions.

In 1979 minorities received 56.7 percent of Pell grant awards, despite representing only 22.5 percent of total enrollment, and women received 61.1 percent of Pell funding while comprising only 54.5 percent of total enrollment. To further illustrate the inequity of these proposals, the $3,000 maximum Pell award would only be available to students who demonstrated maximum need whose education costs exceeded $7,000.

This $3,000 maximum is less than the amount the student would receive under the current system of Pell, SEOG, and SSIG working together.

Many students attending moderate cost institutions would not be eligible for a Pell grant, but could also be ineligible for a guaranteed student loan if it were to become a totally needs-tested program.

Middle-income students attending moderate-cost institutions could be denied access to higher education since they would be unable to secure the 40 percent self-help without a loan and would be ineligible for a Pell grant.

These are the same students who like myself attended moderate-income institutions whose tuition costs have risen more than 30 percent in the last 2 years alone.

And just quickly about TRIO. The proposed 77 percent cut in TRIO programs we feel is unconscionable. The current appropriation of $154,740,000 provides necessary services to 493,000 economically and educationally disadvantaged students at more than 600 institutions.

Decreasing this budget to $35 million would be a major misappropriation in the fiscal year 1984 budget with a devastating impact on students from disadvantaged backgrounds, most of whom are the first generation of their families to attend college.

The TRIO budget proposal would result in the elimination of all Talent Search projects, all Upward Bound projects, all educational opportunity centers, and a majority of the special services programs at 4-year institutions.

The reduced funds would be targeted at minority institutions despite the fact that 7 out of 10 minority students attend predominantly white institutions and 35 percent of TRIO students are white.

The Department of Education has now revised the TRIO proposal targeting the funds to institutions where more than half of the financial aid recipients are from homes with an annual income of less than $12,000.

The proposed funding level is still $35 million. The authorized level for the TRIO programs of $170 million is now necesary in order to approach maximum effectiveness or to even maintain current levels.

In the special services program alone, current inflation rates have equated level funding with a 35-percent decrease in real dollars when looking at average grants in 1980.

Overall, all the student financial aid programs need increased appropriations to bring their funding up to the 1981 Reconciliation Act levels which were a manintenance level, not an expansion level.

The current economic situation has exacerbated the need for financial aid programs due to shrinking family resources. Equally important is the need for retraining programs to help tackle the record unemployment, subemployment, and underemployment levels facing all age groups.

The need for training extends onto the campuses where funds should be appropriated for students through vocational educational programs and student aid. Training should be available for financial aid administrators to give them the tools to apply flexibility in the delivery of financial aid, a skill which often determines a student's accessibility.

In conclusion, USSA hopes that the budget trends of the past 3 years will be reversed by the Senate in recognition that students should not be bearing the burden of shrinking resources for domestic programs resulting from a defense-glutted budget.

The investment in higher education——

Senator RUDMAN. Could you give me that last sentence again? I missed that.

Ms. FINE. I said that in conclusion, USSA hopes that the budget trends of the past 3 years will be reversed by the Senate in recognition that students should not be bearing the burden of shrinking resources for domestic programs resulting from a defense-glutted budget.

Senator RUDMAN. Defense-glutted budget. Is that what you said?

Ms. FINE. Yes, sir. The investment in higher education through adequate student financial assistance will provide the fuel of the future. The restructuring plan in the adminstration's fiscal year 1984 budget conveys a clear message to you, as I say, that the increasing burden of educational costs and consequences would be borne by low- and moderate-income students and their parents—those families least able to afford it and those students most likely to be forced to leave postsecondary education for economic reasons.

For many, as exemplified in the successes of the TRIO program, a quality education is the only means to escape cyclical poverty and have a real chance to succeed.

USSA is confident that the Labor, HHS and Education Appropriations Subcommittee will take the urgent needs of students at postsecondary institutions across the country into consideration when finalizing appropriations for fiscal year 1984.

On behalf of USSA I'd like to thank you very much for this opportunity.

Senator RUDMAN. Thank you.

[The statement follows:]

Statement of Janice Fine

I appreciate this opportunity to appear before the Labor, Health and Human Services, and Education Appropriations Subcommittee to present testimony on the Fiscal Year 1984 appropriations for Title IV student financial assistance programs. I serve as the President of the United States Student Association (USSA) which represents students attending over 300 postsecondary institutions; both public and private, two year and four year.

Students across the country are constantly engaged in the access game whether it is through full enforcement of civil rights laws on campus such as Title IX, Title VI, and Section 504 or through the availability of adequate student aid. USSA views the access game as fairly played if institutions open their doors enabling students to revolve through gaining valuable skills and experience through the educational process. There are many angles to access such as receiving accurate and timely information about student aid and education opportunities coupled with the continued availability of adequate financial assistance for college.

Our comments today will concentrate on students' educational access through the existence of student financial aid programs and how these programs which diminish barriers for low and moderate income students are being disproportionately affected by the FY 1984 budget proposals. Over the last three years, we have witnessed an erosion of financial aid dollars with level funding of programs resulting in real losses to students of over 23 percent. This figure does not include the phase out of student social security benefits which has affected both the student in college and female heads of household on the brink of poverty. These reductions compounded by confusion over program regulation changes have jeopardized educational opportunities for both prospective and enrolled students.

THE FISCAL YEAR 1984 BUDGET

The FY 1984 budget submitted by President Reagan calls for major restructuring of Title IV student financial assistance programs. The intent of these proposals is to dramatically alter or eliminate vital student aid programs through the budget and appropriations process. The appropriate channel for major programmatic changes is the Higher Education Act of 1965 reauthorization process. Reauthorization hearings provide for extensive public input and congressional debate over proposals to change the shape of these programs. During the last two months, the National Student Education Fund (NSEF), our co-organization committed to developing student leadership training skills, and USSA member student governments have been sponsoring hearings in 10 states to provide students with an opportunity to present their views on how the current financial aid system is meeting their needs. The proceedings from these hearings will be compiled by USSA and NSEF and used to make recommendations for the reauthorization process.

SELF-HELP

The Administration's higher education budget places a new emphasis on "self-help" under the banner, "Student Aid -- A New Philosophy." This new concept would shift greater responsibility for meeting college costs onto both students and parents. This system would increase dependence on work and loans, because the 40 percent contribution is expected to be generated through college work-study, summer jobs, and loans - both Guaranteed Student Loans (GSL) and National Direct Student Loans (NDSL). These proposals come at a time of record unemployment, few summer job openings, and the possibility of enacting youth sub-minimum wage legislation. As a result, USSA views this proposal as illogical. Attempts to require students to assume a higher percentage of their educational expenses while proposing to decrease their earnings potential if they are fortunate enough to earn any wages at all is inconsistent and grossly unfair.

PELL GRANTS

A cursory review of the FY 1984 budget shows an increase in Pell Grant funding from $2.419 billion to $2.713 billion and an increase in the maximum award to $3,000. Upon further examination, one will note that this figure represents a consolidation of Pell Grants, Supplemental Educational Opportunity Grants (SEOG), and State Student Incentive Grants (SSIG). This consolidation would result in the loss of at least one million grants and loans to students through the elimination of the

SEOG, SSIG, and no new federal capital for National Direct Student Loans (NDSL). By the Administration's own estimates, a loss of over 400,000 Pell awards would also take place. USSA supports increased funding levels for Pell Grants to minimize the impact of prior student aid cuts and to provide additional funds students need to meet rising educational costs, but not coupled with a restructuring plan which results in the loss of necessary student aid programs which help ensure access.

To further illustrate the inequity of these proposals, the $3,000 maximum Pell award would only be available to students with demonstrated maximum need whose education costs exceed $7,000. This $3,000 maximum is less than the amount this student would receive under the current system of Pell, SEOG, and SSIG. Many students attending moderate cost institutions ($4,000-$7,000) would not only be ineligible for a Pell Grant but could also be ineligible for a Guaranteed Student Loan if it were to become a totally needs-tested program. Middle income students attending moderate cost institutions could be denied access to higher education since they would be unable to secure the 40 percent self-help without a loan and would be ineligible for a Pell Grant.

TRIO

The proposed 77 percent cut in TRIO programs is unconscionable. The current appropriation of $154.7 million provides necessary services to 493,000 economically and educationally disadvantaged students at more than 600 institutions. Decreasing this budget to $35 million would be a major misappropriation in the FY 1984 budget with a devastating impact on students from disadvantaged backgrounds, most of whom are in the first generation of their family to attend college. The TRIO budget proposal would result in the elimination of all Talent Search projects, all Upward Bound projects, all Educational Opportunity Centers, and a majority of the Special Services programs at four-year institutions. The reduced funds would be targeted at minority institutions despite the fact that seven out of 10 minority students attend predominately white institutions and 35 percent of TRIO students are white.

The Department of Education has now revised the TRIO proposal targeting the funds to institutions where more than half of the financial aid recipients are from homes with an annual income of less than $12,000. The proposed funding level is still $35 million. The authorized level for the TRIO programs of $170 million is now necessary in order to approach maximum effectiveness or to even maintain current levels. In the Special Services program alone, current inflation rates has equated level funding with a 35 percent decrease in real dollars when looking at average grants in 1980.

OVERALL PICTURE

All of the student financial aid programs need increased appropriations to bring their funding up to the 1981 Reconciliation Act levels which was a maintenance level, not an expansion level. The current economic situation has exacerbated the need for financial aid programs due to shrinking family resources. Equally important is the critical need for re-training programs to help tackle the record unemployment and underemployment levels facing all age levels. The need for training extends onto campus where funds should be appropriated for students through vocational education programs and student aid. Training should be available for financial aid administrators to give them the tools to apply flexibility in the delivery of financial aid, a skill which often determines a student's accessibility.

In conclusion, USSA hopes that the budget trends of the past three years will be reversed by the Senate in recognition that students should not be bearing the burden of shrinking resources for domestic programs resulting from a defense-glutted budget. The investment in higher education through adequate student financial assistance will provide the fuel of the future. The restructuring plan in the Administration's FY 1984 budget conveys a clear message to USSA that the increasing burden of educational costs and consequences would be borne by low and moderate income students and their parents - those families least able to afford it and those students most likely to be forced to leave postsecondary education for economic reasons. For many, as exemplified in the successes of the TRIO program, a quality education is the only means and hope to escape cyclical poverty and have a real chance to succeed.

USSA is confident that the Labor, HHS, and Education Appropriations Subcommittee will take the urgent needs of students at postsecondary institutions across the country into consideration when finalizing appropriations for FY 1984. I thank you for the opportunity to testify today on behalf of the United States Student Assocation and would be happy to answer any questions.

STATEMENT OF SARA THURIN, NATIONAL DIRECTOR, NATIONAL COALITION OF INDEPENDENT COLLEGES AND UNIVERSITY STUDENTS

Senator RUDMAN. Our final witness for this section here will be Sara Thurin, national director of the National Coalition of Independent College and University Students—COPUS.

Ms. THURIN. Good morning, Senator.

Senator RUDMAN. Good morning and welcome.

Ms. THURIN. Thank you. I appreciate the opportunity to speak to you on behalf of the millions of students who are presently enrolled in school—and in fact I bet most of them are preparing for their final exams if they haven't taken them—and for the students who have the ability and aspire to attend college and are unable to garner enough money to pay the ever-increasing cost of attendance to these schools.

COPUS is a national student organization which represents students from the independent sector and is the only student organization in Washington that addresses the sole concerns of student financial assistance.

We work with our colleagues at USSA and NOBACS, the National Organization of Black College and University Students, to help inform the students and give them the accurate information on what's going on in Washington as it affects their daily lives.

My written testimony thoroughly addresses our concerns about the current situation, but presently I would just like to summarize our primary concern—that the existing multifaceted and complimentary student aid programs be funded at levels which enable them to effectively address their intended purpose of equalizing access to postsecondary education and to the institution which best serves each individual's abilities and aspirations regardless of a student's background.

Our request is to see that the programs are funded at the level authorized in the Omnibus Reconciliation Act of 1981. We see that these programs have been documented to have helped millions of students attain their education who otherwise wouldn't be able to.

We see that there's an ever-increasing unemployment rate which means that there's an ever-increasing number of people, students, who need assistance to attend school.

We realize that the Federal Government—and we hope that the Senate and other Members of Congress—recognize that the Federal Government cannot afford to abandon its role in higher education at present.

In the past 3 years we've had different initiatives that would restructure student aid funding, and as a result we've had unstable funding and unstable messages sent to the students as to what resources will be available to help them. We're unable to document the number of students who had to forego their education or simply, because of confusion, do not know what to do on time and how to go about doing it, seeing that funding levels have changed every quarter, as we've had to work on continuing resolutions for the last 3 years.

Sir, we ask that there's consistent and adequate funding in these programs which will encourage the prospective needy students and those students who are currently enrolled in school and committed to a course of study to further their education, and this is what will ultimately benefit our country as a whole.

The impact of these programs—the positive impact has been documented. I think we all know those resources, but the impact of the past 3 years, those funding levels, has not been documented.

And that's simply because it's so current and it's very hard to find out why a student did not return to school.

I can address that personally because this year I would have been in my third year of a hopefully 4-year college education. However, when changes were enacted in the social security program and other changes, as well as my tuition increasing at the college about 17 percent, when I got my financial aid notice last year, I looked at the numbers and there was no way my parents and I could come up with the money. As a result, I'm working to speak to the Members of Congress to tell them what's happened, and what's happened has truly had an adverse effect on the students' ability who need assistance to get to school.

And I unfortunately do not have fancy statistics to prove that, but I can share with you my own situation and my own hopes to be able to return to school and finish that education—I'm not sure when, but hopefully soon.

And so in sum what COPUS asks on behalf of our whole organization is that we have consistent and adequate funding for all the student aid programs, especially during these difficult economic times. Further, students' confidence in the funding levels and availability of these programs has sorely been shaken with the continued uncertainty about funding levels.

Therefore, we are formally requesting that the committee act to insure continued access to postsecondary education for all students regardless of their income.

I appreciate the time you've given me and opportunity to discuss our views and concerns on this issue. I'd be happy to answer any questions and hope to be of service to you in the future.

Senator RUDMAN. I appreciate your testimony very much and thank you for being here.

Ms. THURIN. Thank you.

[The statement follows:]

STATEMENT OF SARA THURIN

Mr. Chairman and other distinguished members of the subcommittee, I appreciate the opportunity to appear before you today and discuss some student concerns regarding the funding of student financial aid programs for the 1984-85 academic year, fiscal year 1984.

My name is Sara Thurin, and I am the National Director of the National Coalition of Independent College and University Students (COPUS). The coalition, now in its ninth year, is a national student organization based in Washington D.C. with state student associations and chapters at independent college campuses across the country.

In addition to presenting my testimony, Mr. Chairman, I would like to submit for the record, the publication: PRIMER: On Federal Student Financial Assistance and Independent Higher Education, by Peter J. Gossens of the National Association of Independent Colleges and Universities. This succinct publication addresses each of the student aid programs and their impact in the independent sector; it is an important addition to my testimony.

Our primary concern is that the existing multi-facetted and complementary student aid programs continue to be adequately funded at levels which enable them to effectively address their intended purpose of equalizing access to the postsecondary institution which best serves each individual's abilities and aspirations regardless of the student's economic background.

OUR REQUEST

The existing grant, work and loan programs have helped millions of needy students gain access to and complete a postsecondary education. Today the number of needy students (potential and current), rises with the number of unemployed adults and youth (11% and 40% respectively). Despite mounting demands on the limited federal resources and growing concern about the size of the deficit, we do not believe that the federal government can afford to reduce its role in equalizing educational opportunity. Therefore, we ask that the student aid programs be funded at least at the level of support authorized in the Omnibus Reconcilliation Act of 1981. Those levels are (in millions of dollars): Pell grants 3,000; Supplemental Educational Opportunity Grants (SEOG), 370; College Work-Study 550; National Direct Student Loans (NDSL), 286; State Student Incentive Grants (SSIG), 76.8; Special Programs for the Disadvantaged (TRIO), 170; Guaranteed Student Loan Program (GSL), such sums as needed, it is an entitlement program.

FUNDING HISTORY

For the past three years there have been initatives on the part of the Reagan Administration to reduce federal student financial assistance by greatly altering and in some cases, even eliminating various grant and loan programs. These initatives, when coupled with the fact that Congress has relied on continuing appropriations resolutions rather than passing comprehensive spending packages have resulted in unstable funding and mass confusion over the availability of student aid.

For FY '82 a multitude of changes were enacted to make all student aid programs need based thus eliminating waste and abuse. President Reagan's FY '83 budget proposal requested still further cuts and reflected his intention to withdraw federal support of several student aid programs. Congress rejected all of the Administration's proposals and funding of the programs was only slightly reduced. However, these slight reductions actually had a significant impact on student aid because at the same time tuition rose an average of 13% annually. For example, at independent colleges and universities tuition has risen an average of 13% and 15% during the past two years, while the level of funding has remained virtually unchanged. In summary, we are faced with increasing costs, an increasing number of needy students, and constant or decreasing federal dollars.

The instability of funding for student aid in the past three years has bred confusion and uncertainty on all campuses. For example, if you enrolled as a high need student in the fall of 1980, at a high cost postsecondary institution, you would have received the maximum Pell grant in addition to aid from other federal and state programs. However, every year for the next three years, your tuition would have risen without concomitant increases in your Pell grant. The net result is anxiety and uncertainty about your ability to return to this college in the coming year. There is a real need to have consistant and adequate funding which will encourage needy prospective students and those students who are already committed to a course of study, to further their education and thus, this is what will ultimately benefit the country.

A GROWING DEMAND

Presently, there is a growing demand for the multiple resources which student aid provides. The congressional intent when creating the student aid programs was, and continues to be, to assist the low and middle income students overcome some of the barriers to both access and completion of postsecondary education. It is important to recognize that the high unemployment rates of the past and present fiscal year has had a disproportionate impact on these families; thus, futher discouraging the low and middle income students from pursuing a postsecondary education.

Although it is difficult to substantiate the number of prospective or currently enrolled students who have, or will be forced to forego postsecondary education due to the current economic situation and/or, the decreases in student aid, declining enrollments indicate that in fact, this is exactly what is happening. It is impeartive that Congress recognizes and responds to the needs of this growing portion of our society. A family subjected to longterm unemployment must shift their focus from educational goals to solving the immediate crises of their day to day financial needs; any plans for applying to college, especially a high cost institution is out of the question. The statistics from this past fall reflect a significant decrease in freshman enrollment; the average decrease was 4%. Therefore, we feel there is a growing need for substantial and dependable federal support to enable the needy student to have access to and complete their postsecondary education.

RECENT ACTION

We want to take this opportunity to thank the committee for its continued support of student aid and for recognizing the increasing need for these programs. We sense a movement to restore some of the losses incurred in student aid funding over the last three years. This was apparent when Congress passed the supplemental spending bill last fall and again most recently with the passage of the jobs bill which appropriated an additional 50 million dollars to the College Work-Study program. However, we are alarmed by the President's continued assaults on student aid -- his proposals for FY '84 which in one sense indicate a federal policy of support for student aid, but after closer examination, reveal a dramatic reduction in the size and number of awards to needy students. Thus it is obvious what appears to be renewed support in one arena is not necessarily common to all.

Finally, we feel that the Administration is trying to mix the budget process with the reauthorization process by suggesting such major programmatic changes. COPUS welcomes the reauthorization process as an opportunity to improve the current student aid programs; however, we are vehemently opposed to any attempts to reorganize the student aid programs through the budget process, especially if the intent is to save money by the quick-fix, short-sighted method.

CONCLUSION

In sum we, the students, feel that there is an urgent need for consistant and adequate funding of all the existing student aid programs, especially in these difficult economic times. Furthermore, students confidence has been sorely shaken by the continued uncertainty of exact funding levels. Therefore, we are formally requesting that this committee acts to insure continued access to postsecondary education for all students regardless of their economic background.

I thank you again for the opportunity to discuss our views on these issues, I would be happy to answer any questions, and I hope that we may again be of service.

STATEMENT OF HON. PETER G. WEEKS, MAYOR OF PORTSMOUTH, N.H.

ACCOMPANIED BY:

DAVID MATTHEWS, ASSISTANT SUPERINTENDENT OF EDUCATION
EILEEN FOLEY, MEMBER, BOARD OF EDUCATION

Senator RUDMAN. The final section of the hearing this morning will deal with impact aid and I'm very pleased to welcome a personal friend, Mayor Peter Weeks, of Portsmouth, N.H.

Mayor, if you'd like to come up here and anyone who is with you who wishes to accompany you, they may. As you know, we're running on a fairly limited amount of time. We have your statement which will be incorporated in the printed record of this committee in full; we would like you to summarize your statement, if you could.

Mayor WEEKS. Senator Rudman, thank you on behalf of the citizens of Portsmouth. I appreciate the opportunity to testify today in regard to Public Law 81-874, impact aid.

Portsmouth is located on the New Hampshire seacoast and during the 1950's it was determined that an Air Force Strategic Air Command installation would be located in our community. The residents of Portsmouth realized then, as they do now, the necessity of a strong defense program. The difficulty we have with Public Law 81-874 is that the Federal Government has failed to adequately fund the cost of educating military dependent students residing on a military installation.

In fiscal year 1967, Congress appropriated sufficient funds to pay 99 percent of the cost of education of those students; but in the 15 years since then, the highest level of funding has been at 86 percent and has been as low as 57 percent.

When Congress fails to appropriate moneys to reimburse the cost of education of these students, the local property taxpayer is forced to make up the difference. We do not look at Public Law 81-874 as a handout; we look at it as reimbursement for costs that the local community has extended to provide education to military dependent students.

When the Department of Defense operates a school system in a foreign country, the total cost of the education program is borne by the Department of Defense and we as taxpayers of the U.S. share in those costs.

I do not see any difference if schools are operated within a local community. Why should the local property taxpayers be bearing the responsibility of funding the shortfall in the appropriation of Public Law 81-874?

In the report by the Commission in the review of the Federal impact aid program submitted to the President and to the Congress in April 1980, it was pointed out that—and I quote:

> The payments are made to those local educational agencies which under the law are so affected by Federal activities as to have had a burden placed on them thereby which merits compensation. Two kinds of burdens have been recognized by the law, (1) the revenue burden arising from the fact that Federal property in the school districts of such agencies is not subject to real property taxes and (2) a service burden arising from the fact that those agencies provide educational services for Federally con-

nected children without having a tax base with respect to those children adequate to provide them with these services.

I have submitted as an exhibit information which I presented to President Ronald Reagan in a White House meeting on Tuesday, September 21, 1982, which indicates that if Pease Air Force Base, Portsmouth, N.H., was in fact in the hands of private enterprise, the total property tax revenue to the city of Portsmouth would be $3,384,955.

Our payment from the Federal Government for Public Law 81–874 during the previous fiscal year was $1,245,000. The cost of education during that period for the 1,014 students was $2,143,362 or a deficit to be made up by the property taxpayers of the city of Portsmouth of almost $900,000.

President Reagan is the first President during the 15 years that I have been involved in the Public Law 81–874 controversy who has proposed full entitlement to those school districts in which more than 20 percent of their school enrollment is made up of military dependent students.

To the President's credit, he realizes that it is a financial burden on local school districts who do not receive adequate funding to educate these students.

What has happened during recent years is the inclusion of more and more programs under Public Law 81–874 while the amount of money appropriated for this purpose has not been increased.

To use an analogy, if you called your wife at the last minute and indicated that you were bringing 10 people home for dinner that evening rather than the 8 she expected, the meal she had planned for that evening would have to be reapportioned and each person would receive a smaller portion of food.

This is what local communities feel when Congress does not adequately fund Public Law 81–874 and each school district is forced to receive a smaller payment each year than they are entitled to.

Portsmouth is a community of only 26,000 people, and I realize that the Members of Congress normally deal with billions of dollars. To each of you our plight probably seems very small, but to the taxpayers of Portsmouth the $900,000 which Congress has been taking from us each year is a great deal of money.

I hope that the Senate will follow the lead of President Reagan and pass the necessary legislation this year to appropriate a sufficient amount of money to pay the super A districts 100 percent of the cost of educating the military dependent students.

In the past, Congress has reauthorized by continuing resolution the funding of Public Law 81–874. I hope that this will be the year that the problem is laid to rest and a bill is passed that insures sufficient moneys will be appropriated to communities such as Portsmouth equal to the cost of educating these students.

Thank you again for the opportunity to address you on this issue—an issue which is very important to our community. I hope you'll act in our best interest, in the interest of the communities across our country who face the same plight year after year as we do—the inadequate funding of the education of military dependent students.

We in New Hampshire also have under State statute the ability, if the Federal Government fails to adequately fund Public Law 81-874, to charge tuition to those parents—familes who reside on a military installation.

We do not want to have to do this but the taxpayers of the city of Portsmouth can no longer bear the brunt of the Federal Government's failure to fund Public Law 81-874 for the cost of education of those students.

If Congress this year does not take the adequate steps necessary to pass a bill with full entitlement for super A districts, the city of Portsmouth will be forced to take other means in which to collect the money due us.

Senator RUDMAN. Thank you very much, Mayor. I'd point out to you that the problem of course is at the authorization level. The Appropriations Committee, this subcommittee, has consistently appropriated right up to and including the last penny that's been authorized.

We of course under the budget process and the reconcilation process can't do more than that.

There is, I think, increasing recognition amongst many of the problem of which you speak and let's hope that this year there's a more forthright way of addressing it. We shall see when the whole process ends.

Mayor WEEKS. A suggestion I would have, Senator, is that there be a separate amount of money appropriated for the super A districts so that the pie does not continue to be cut up with other programs which are included under Public Law 81-874.

The original intent was to fund the cost of education of military dependent students, and what's happened, the pie has been cut into so many pieces that the Public Law 81-874 military dependent students, the "A" students, have not been getting what they were supposed to have been getting since the law was enacted.

Senator RUDMAN. Well, we very much appreciate your coming down here, your leadership on the issue, and we will continue to see if we can get the correct number.

Mayor WEEKS. I'd just like to point out in closing, Senator, that Portsmouth feels strongly enough that not only myself am in attendance today, but Dave Matthews, the assistant superintendent of schools, and Eileen Foley, a member of the board of education.

Senator RUDMAN. We appreciate your being here. This hearing will only last a few more moments; I'd love to visit with you when it's over which will be very shortly.

[The statement follows:]

Statement of Hon. Peter G. Weeks

ON BEHALF OF THE CITIZENS OF PORTSMOUTH, NEW HAMPSHIRE, I APPRECIATE THE OPPORTUNITY TO TESTIFY TODAY IN REGARDS TO THE FUNDING FOR PL-874, IMPACT AID. PORTSMOUTH IS LOCATED ON THE NEW HAMPSHIRE SEACOAST. IN THE 1950'S IT WAS DETERMINED THAT AN AIR FORCE STRATEGIC AIR COMMAND INSTALLATION WOULD BE LOCATED IN OUR COMMUNITY. THE RESIDENTS OF PORTSMOUTH REALIZED THEN, AS WE DO NOW, THE NECESSITY OF A STRONG DEFENSE PROGRAM.

THE DIFFICULTY WE HAVE WITH PL-874 IS THAT THE FEDERAL GOVERNMENT HAS FAILED TO ADEQUATELY FUND THE COST OF EDUCATING MILITARY DEPENDANT STUDENTS RESIDING ON A MILITARY INSTALLATION. IN THE FISCAL YEAR 1967, CONGRESS APPROPRIATED SUFFICIENT FUNDS TO PAY 99% OF THE COST OF EDUCATION OF THOSE STUDENTS; BUT IN THE FIFTEEN YEARS SINCE THEN, THE HIGHEST LEVEL OF FUNDING HAS BEEN AT 86% AND HAS BEEN AS LOW AS 57%.

WHEN CONGRESS FAILS TO APPROPRIATE SUFFICIENT MONIES TO REIMBURSE THE COST OF EDUCATION OF THESE STUDENTS, THE LOCAL PROPERTY TAXPAYER IS FORCED TO MAKE UP THE DIFFERENCE. WE DO NOT LOOK AT PL-874 AS A HANDOUT. WE LOOK AT IT AS REIMBURSEMENT FOR COSTS THAT THE LOCAL COMMUNITY HAS EXTENDED TO PROVIDE EDUCATION TO MILITARY DEPENDANT STUDENTS. WHEN THE DEPARTMENT OF DEFENSE OPERATES A SCHOOL SYSTEM IN A FOREIGN COUNTRY, THE TOTAL COST OF THE EDUCATION PROGRAM IS BORNE BY THE DEPARTMENT OF DEFENSE AND WE, AS TAXPAYERS OF THE UNITED STATES, SHARE IN THOSE COSTS. I DO NOT SEE ANY DIFFERENCE IF SCHOOLS ARE OPERATED WITHIN A LOCAL COMMUNITY. WHY

SHOULD THE LOCAL PROPERTY TAXPAYERS BE BEARING THE RESPONSIBILITY OF FUNDING THE SHORTFALL IN THE APPROPRIATION OF THE PL-874?

IN THE REPORT BY THE COMMISSION IN THE REVIEW OF THE FEDERAL IMPACT AID PROGRAM SUBMITTED TO THE PRESIDENT AND TO THE CONGRESS IN APRIL OF 1980, IT WAS POINTED OUT THAT

> "THE PAYMENTS ARE MADE TO THOSE LOCAL EDUCATIONAL AGENCIES WHICH UNDER THE LAW, ARE SO EFFECTED BY FEDERAL ACTIVITIES AS TO HAVE HAD A BURDEN PLACED ON THEM THERBY WHICH MERITS COMPENSATION. TWO KINDS OF BURDEN HAVE BEEN RECOGNIZED BY THE LAW, (1) A REVENUE BURDEN ARISING FROM THE FACT THAT FEDERAL PROPERTY IN THE SCHOOL DISTRICTS OF SUCH AGENCIES IS NOT SUBJECT TO REAL PROPERTY TAXES AND (2), A SERVICE BURDEN ARISING FROM THE FACT THAT THOSE AGENCIES PROVIDE EDUCATIONAL SERVICES FOR FEDERALLY CONNECTED CHILDREN WITHOUT HAVING A TAX BASE, WITH RESPECT TO THOSE CHILDREN, ADEQUATE TO PROVIDE THEM WITH THESE SERVICES."

I HAVE SUBMITTED AS AN EXIBIT, INFORMATION WHICH I PRESENTED TO PRESIDENT RONALD REAGAN IN A WHITE HOUSE MEETING ON TUESDAY, SEPTEMBER 21, 1982, WHICH INDICATES THAT IF PEASE AIR FORCE BASE, PORTSMOUTH, NEW HAMPSHIRE, WAS, IN FACT, IN THE HANDS OF PRIVATE ENTERPRISE, THE TOTAL PROPERTY TAX REVENUE TO THE CITY OF PORTSMOUTH WOULD BE $3,384,955. OUR PAYMENT FROM THE FEDERAL GOVERNMENT FOR PL-874 DURING THE PREVIOUS FISCAL YEAR WAS $1,245,192. THE COST OF EDUCATION DURING THAT PERIOD FOR THE 1,014 STUDENTS

WAS $2,143,362 OR A DEFICIT, TO BE MADE UP BY THE PROPERTY TAXPAYERS OF THE CITY OF PORTSMOUTH, OF $898,170 DOLLARS.

PRESIDENT REAGAN IS THE FIRST PRESIDENT DURING THE FIFTEEN YEARS THAT I HAVE BEEN INVOLVED IN THE PL-874 CONTROVERSY, WHO HAS PROPOSED FULL ENTITLEMENT TO THOSE SCHOOL DISTRICTS IN WHICH MORE THAN 20 % OF THEIR SCHOOL ENROLLMENT IS MADE UP OF MILITARY DEPENDANT STUDENTS. TO THE PRESIDENT'S CREDIT, HE REALIZES THAT IT IS A FINANCIAL BURDEN ON LOCAL SCHOOL DISTRICTS WHO DO NOT RECEIVE ADEQUATE FUNDING TO EDUCATE THESE STUDENTS. WHAT HAS HAPPENED DURING RECENT YEARS IS THE INCLUSION OF MORE AND MORE PROGRAMS UNDER PL-874 WHILE THE AMOUNT OF MONEY APPROPRIATED FOR THIS PURPOSE HAS NOT BEEN INCREASED. TO USE AN ANALOGY, IF YOU CALLED YOUR WIFE AT THE LAST MINUTE AND INDICATED THAT YOU WERE BRINGING TEN PEOPLE HOME FOR DINNER THAT EVENING, RATHER THAN THE EIGHT SHE EXPECTED, THE MEAL SHE HAD PLANNED FOR THAT EVENING WOULD HAVE TO BE REAPPORTIONED AND EACH PERSON WOULD RECEIVE A SMALLER PORTION OF FOOD. THIS IS WHAT LOCAL COMMUNITIES FEEL WHEN CONGRESS DOES NOT ADEQUATELY FUND PL-874, AND EACH SCHOOL DISTRICT IS FORCED TO RECEIVE A SMALLER PAYMENT EACH YEAR THAN THEY ARE INTITLED TO.

PORTSMOUTH IS A COMMUNITY OF ONLY 26,000 PEOPLE, AND I REALIZE THAT THE MEMBERS OF CONGRESS NORMALLY DEALS WITH BILLIONS OF DOLLARS. TO EACH OF YOU OUR PLIGHT PROBABLY SEEMS SMALL, BUT TO THE TAXPAYERS OF PORTSMOUTH, THE $900,000 WHICH CONGRESS HAS BEEN TAKING FROM US EACH YEAR IS A GREAT DEAL OF MONEY. I HOPE THAT THE SENATE WILL FOLLOW THE LEAD OF PRESIDENT

REAGAN AND PASS THE NECESSARY LEGISLATION THIS YEAR TO APPROPRIATE A SUFFICIENT AMOUNT OF MONEY TO PAY THE SUPER A DISTRICTS 100% OF THE COST OF EDUCATING THE MILITARY DEPENDANT STUDENTS. IN THE PAST, CONGRESS HAS REAUTHORIZED, BY CONTINUING RESOLUTION, THE FUNDING OF PL-874. I HOPE THAT THIS WILL BE THE YEAR THAT THE PROBLEM IS LAID TO REST AND A BILL IS PASSED THAT INSURES SUFFICIENT MONIES WILL BE APPROPRIATED TO COMMUNITIES SUCH AS PORTSMOUTH, EQUAL TO THE COST OF EDUCATING THESE STUDENTS.

THANK YOU AGAIN FOR THE OPPORTUNITY TO ADDRESS YOU ON THIS ISSUE - AN ISSUE WHICH IS VERY IMPORTANT TO OUR COMMUNITY. I HOPE YOU WILL ACT IN OUR BEST INTEREST AND IN THE INTEREST OF THE COMMUNITIES ACROSS OUR COUNTRY WHO FACE THE SAME PLIGHT EVERY YEAR AS WE DO - THE INADEQUATE FUNDING OF THE EDUCATION OF MILITARY DEPENDANT STUDENTS.

ESTIMATED EDUCATIONAL COSTS

STUDENTS RESIDING
PEASE AIR FORCE BASE, N.H.

Grade Category	# Students 1982-83		Portsmouth * Cost		Total Cost
K	78	X	$1057	=	82,446
1-6	468	X	2114	=	989,352
7-8	156	X	2341	=	365,196
9-12	312	X	2264	=	706,368
	1014				$ 2,143,362

* Tuition rate charged to sending towns
Set by State of New Hampshire

Rate allowed by HEW $1718.00 payment funded at $1,228	$ 1,245,192
DEFICIT BY CITY OF PORTSMOUTH TAXPAYER	898,170

ANNOTATIONS

Borrowing, 1
Expenditures, 2
Federal funds, 5
Location of schoolhouse, 3
Use of buildings, 4

Library references

Extent of power of school district to provide for the comfort and convenience of teachers and pupils. 7 ALR 791; 52 ALR 249.

Gymnasium, playgrounds, etc., school district's power to provide. 7 ALR 798; 52 ALR 255; 69 ALR 871.

Operation of eating place by school authorities. 63 ALR 100.

Power and duty of school authorities to maintain kindergarten or specialized department. 70 ALR 1313.

Power of school district or board to employ counsel. 75 ALR2d 1339.

Power of school district to provide maps and charts. 7 ALR 793; 52 ALR 254.

Schools and School Districts ⇐ 166.

CJS Schools and School Districts § 487 et seq.

Right or duty to carry insurance on school property. 100 ALR 600.

Schools and School Districts ⇐ 19(5).

CJS Schools and School Districts § 21.

Tort liability of public schools. 86 ALR2d 489.

School and School Districts ⇐ 89 et seq.

CJS Schools and School Districts §§ 153, 320 et seq.

1. Borrowing

Except as modified by charter or by special legislation, such powers as towns had to borrow money for school purposes now reside exclusively in school districts. Opinion of the Justices (1947) 94 NH 499, 51 A2d 840.

2. Expenditures

A school district which has contributed funds to the erection of an academy building by a private educational corporation under an agreement that it shall have the beneficial use thereof for school purposes may lawfully expend money for repairs upon it or for lighting it. Brooks v. Franconia School Dist. (1905) 73 NH 263, 61 A 127.

3. Location of schoolhouse

A school district is bound by the location of a schoolhouse made upon appeal by the county commissioners; and the tax assessed for the location of a schoolhouse on a lot other than the one designated by such commissioners is not legal. Blake v. Orford (1886) 64 NH 299, 10 A 117.

4. Use of buildings

A town may lease a portion of its school building to a lodge for its meetings where such use is not inconsistent with school purposes. Douglas v. Hollis (1934) 86 NH 578, 172 A 433.

5. Federal funds

If any school district wishes to participate in the federal program for financial assistance to local educational agencies for the education of children of low-income families under P.L. 81-874, as amended by P.L. 89-10 [20 U.S.C. § 236 et seq.], it must vote to accept the provisions of P.L. 89-10 and to appropriate such funds as may be available to the district under the said federal law, to be expended for such projects as may be determined by the school board. 1 N.H.Op.A.G. 88.

194:3-a Certain Districts May Assess Tuition. A local school district may if federal funds are not appropriated sufficient to cover the cost of educating school age pupils who live on federally owned or leased property, assess tuition up to the state average costs against parents or guardians of said pupils which cover the current per pupil cost of the district, if there are more than 100 school age pupils within the federal enclave.

HISTORY

Source. 1973, 552:1, eff. July 5, 1973.

194:4 Notes of Districts. If the money is hired upon the note or notes of the district, said note or notes shall be signed by the district treasurer and by the school board.

ESTIMATED ASSESSED VALUATION
PEASE AFB - NON-MILITARY LAND & BUILDINGS
(PORTSMOUTH AREA ONLY)

I RESIDENTIAL AREA

1,262 Units - majority - four family units
926 Units - over 15 years old
300 Units - new

BUILDING VALUE	
Multi-Units old - 20% depreciation	13,852,800
Multi-Units new - 3% depreciation	4,365,000
Single family - 10 Units	600,000
LAND VALUE	
Estimated 42 Acres-Taxable type land @ 55,000 per Acre	2,310,000
TOTAL VALUATION - RESIDENTIAL AREA	21,127,800

II COMMERCIAL TYPE BUILDINGS & LAND

Bowling Alley	10% depreciation	397,400
Theatre	20% "	806,300
Laundry & Cleaners	10% "	115,200
Main Base Exchange	20% "	542,100
Base Exchange Annex	20% "	377,300
Service Station	30% "	73,400
Exchange Annex - Toyland	25% "	231,700
Veterinary	20% "	80,600
NCO Club	10% "	885,800
Service Federal Credit	10% "	157,300
Peoples INN	25% "	368,500
Hobby Shop	10% "	136,800
Officers Club	10% "	1,442,000
Auto Hobby Shop	10% "	196,100
Package Store	10% "	283,500
Commissary	10% "	1,215,400
TOTAL BUILDING VALUATION		7,309,400
LAND - 30,000 Average per building & paving average 3,000 per building		528,000
TOTAL VALUATION - COMMERCIAL		7,837,400

III GOLF COURSE

Clubhouse	60,000
Land	400,000
Land improvements, greens, fairways, tees	360,000
TOTAL	820,000

TOTAL ESTIMATED VALUATION	29,785,200
LAND - 2900 Acres @ $3,500	10,150,000
	39,935,200

UPDATED TO 1982 VALUES $56,890,000 X TAX RATE OF $59.50 =

PROPERTY TAX REVENUE $3,384,955,000

STATEMENT OF DR. H. DAVID FISH, DIRECTOR OF SPECIAL PROJECTS, SAN DIEGO UNIFIED SCHOOL DISTRICT, NATIONAL ASSOCIATION OF FEDERALLY IMPACTED SCHOOLS

Senator RUDMAN. Dr. H. David Fish, director of special projects, San Diego Unified School District, National Association of Federally Impacted Schools.

Welcome, Doctor; thank you. You may begin now.

Dr. FISH. Thank you, Senator, I request that my written statement be entered in the record.

Senator RUDMAN. The entire statement will be entered in the record. We appreciate your summarizing.

You're the anchorman here.

Dr. FISH. In the interest of humanity I'll restrict myself to four key points. I represent the districts— Indian reservations, military bases, and other districts—that receive impact aid.

The Federal responsibility still exists. All studies that have been conducted of impact aid—Battelle, Stanford, the commission report you just heard about—have not challenged the fact that the Federal presence does impose a burden.

I won't go into individual cases, but the military does not pay taxes, and yet the service must be provided.

Second, already impact aid has been cut more than any other Federal education program. In 1979 and 1980, $761 million was appropriated. This year $480 million was appropriated, even $5 million above the budget limit.

But those cuts have had terrible impact. Several States have passed tuition laws already and already the Federal Government is in court suing districts to require them to provide free public education. This is very bad for our country.

My third point is the President's budget currently would propose to fully fund super A's, as you heard. The remaining "A's" would be funded at 50 percent of entitlement, so you have the situation of one community's "A's" being fully funded. They should be. It's an entitlement, it's a cost of education. They are bearing a burden.

But in some communities if a few people move out of town, then the district is hit with financial disaster, as the drop from super A to other "C" category. The student remains the same burden, the property is still off the tax roll.

At present also all "B" funding expires on September 30, 1983. The technical amendments now pending for action in the Senate would extend "B" funding for one more year as a band-aid approach.

That would not solve the inadequate authorization, however. To address the funding, Senator James Abdnor is preparing to offer an amendment to S. 1008 that would increase the program's authorization to $600 million.

Our organization supports full funding for all Indian and "A" military. Remember, that this program supports Indian reservation students where there's no tax base and there's very serious problems, educational problems.

And remember the alternative to that is the Indian schools where the Federal Government can pay all the cost of education.

For miltary "A's," remember also that many communities such as San Diego is not a super A but we have 8,000 children living in Navy housing.

Second, we go for funding for military and low-rent "B's", section 2 and section 3(d)2(b). Section 2 is for students for communities where they've lost over 10 percent of their land to Federal installations since the Second World War, and 3(d)2(b) is for very heavily impacted districts to help them balance the budget.

We request the committee to meet these needs to enable our school districts to continue, and we've already taken the cuts, as you've heard. The program has been reduced, the numbers of students eligible, and the effects are being felt in the local communities.

We are dependent on the Federal Government to meet its obligation and we've cut services to student, to all students, because of it.

Thank you very much, Senator.

Senator RUDMAN. Thank you very much. Senator Abdnor has discussed that with a number of us. I think for some who think they have problems they ought to talk to the people in South Dakota. That is really an extraordinary situation where in some cases 70, 80, 90 percent of the students in the local schools are from either military or Indian reservations. In several school districts out there I understand they have given notices to the teachers they're going to close the school districts because they essentially don't have any funds whatsoever to run the district, no tax base, no local children particularly, and overwhelming percentages from the various programs that this program was designed to solve.

So we understand what you're saying. I think, as I said to the mayor, there is hopefully a heightened awareness of the problem and a recognition of at least that if we cause it, we ought to be willing to pay for it.

Dr. FISH. Thanks, Senator. In a community where we have 22 percent of our students connected with the Federal Government—San Diego is a Navy town and there are many communities, Pensacola, Jacksonville, Norfolk, New London, where they are not super A districts, they also have a need, and we've also cut 350 positions, increased class size, wiped out textbook purchases, eliminated our reserves, and it's fitting that a program that all the students reside get, and threats of tuition are terrible things.

Senator RUDMAN. Thank you very much for coming here today and giving us your testimony.

Dr. FISH. Thank you, sir.

Senator RUDMAN. Additional statements for the record on impact aid will be included at this point.

[The statements follow:]

STATEMENT OF DR. H. DAVID FISH

I appreciate this opportunity to appear before you on behalf of the school districts that are entitled to receive Impact Aid (PL 874 and 815) because they educate the children of Indians, federal employees, and others who live and work on federal property. As the past president of the National Association of Federally Impacted School Districts I have worked with the program for a number of years, but never before has the problem reached the crisis that is occurring in this school year and that apparently will continue unless there is an adequate appropriation to fully fund the program. For the current year, $480 million was provided through the FY 1983 "Current Resolution" for partial payments for Categories A, B, Section 2, Section 3d2b. The underfunding has caused great inequity and problems in many communities across the country. In North Carolina, a law has been passed requiring school districts to charge tuition and court action has resulted. In Highland Falls serving West Point, emergency payments were made from other federal sources to enable the school district to finish the year. In California several school districts are running deficits. My own school district in San Diego serves as an example of the cumulative effect of underfunding as we reduced the program $20 million last year to avoid deficits, approximately $20 million this year, and are projecting another shortfall of $10 million next fall simply to sustain the current programs at the already reduced levels. The loss of Impact Aid that has occurred over the last few years is a major source of our financial troubles. Across the country the result has been a reduction of educational programs and services for the students whose parents serve our country in the armed forces and for the students living on the Indian reservations. The problem is very serious in communities that do not have the resources to recover the lost revenue. A grave injustice has been perpetrated. I bring to your attention the fact that in 1979-80, $761 million was appropriated for Impact Aid and in subsequent years the funding has been reduced to $475 million for the 1982-83 school year year. In many communities the damage to education has already been done.

For 1983-84, the Administration has proposed a budget of $465 million for Impact Aid. This proposed budget would only fund Category "A" children - those whose parents work on and the students live on federal property. School districts that enrolled over 20% "A" children would be funded at 100% of entitlement, as they should be. These communities usually serve isolated military bases or Indian reservations. The major "industry" or employer in the community does not pay taxes. Remember, the Impact Aid entitlement formula is based on one half the cost of education two years prior and is only paid when the school district is educating the children in the current year. The formula is adjusted local tax effort made in the local community and therefore, is one of the better and more equitable reimbursements by the federal government. Unfortunately, the budget does not provide enough funding for all Category "A" students at full entitlement and payments to school districts whose enrollments were less than 20% Category "A" would be funded at only 50% of entitlement. This gross inequity is not justified and would discriminate against many communities. Among the communities that would be funded at half the rate per student are San Diego, Alameda, and Oceanside, California; Norfolk, Virginia; Pocatello and Blackfoot, Idaho; Las Cruces, Albuquerque, Clovis, and Alamogordo, New Mexico; Unitah, Tooele, and Dover counties, Utah; Houston County, Augusta, Savannah, and Richmond, Georgia; Philadelphia, Centennial, and Carlyle, Pennsylvania; Rome, Uniondale, and Washingtonville, New York; Charleston, Berkeley, and Sumter, South Carolina; Columbus, Lauderdale, and Gulfport, Mississippi; Belton, Missouri; Jacksonville, Pensacola and Miami, Florida; Shelby County, Tennessee. The above list is only a partial summary of a few states and there are many more.

As an example, San Diego, even with 8,000 "A" students, is not over 20% Category "A". Therefore, San Diego would be funded at half the rate of the Super "A" districts. The Super "A" districts should be paid at full entitlement, but so should all districts be paid at full entitlement. Entitlement in the Impact Aid program is an entitlement based on the cost of providing a service.

Impact Aid is based on the cost per child for providing an education and not on the size of the school district. The proposed allocation would lead to many serious problems at the local level and some ridiculous situations. In San Diego, we would be paid at 50% of the rate of the students who were attending school and living across the bridge in Coronado. Obviously we should discourage the building of any more Navy housing in San Diego as undoubtedly Coronado is a better school district for military children because their education would be more adequately funded through Impact Aid. Does federal policy require or even justify paying different prices to suppliers for the same product because of the size of the company?

Another nonsensical example is in Fallbrook, California, where the elementary school district would qualify as a Super "A" district and the high school would only qualify as a regular "A" district. The high school student's education would be supported at half the rate of the elementary school student from the same family. What appeared a simple way to allocate the money was not built on an understanding of the issue and the complexities of the organization of local school districts.

Maybe a viable solution is to reorganize local school ditricts to meet federal policies. School district maps can be arranged or rearranged according to the passage of state laws. Some school districts are already considering changes to solve the problem. Hawaii has already proposed that the single state school district be divided into seven administrative districts for purposes of Impact Aid to enable one of the sub-districts to qualify as a Super "A" district with over 33% of Category "A" enrollment. Undoubtedly we could propose a bill for the state legislature that the nearly 5,000 students who live in the Murphy Canyon navy housing should be literally reorganized out of San Diego, because the federal government would pay a much higher share of the cost of education to a smaller school district. The simple budget idea to divide the money according to a criteria of size of school district arose from the inability to provide an answer founded in simple justice. The only fair answer is that Impact Aid must be funded at full entitlement. We, in school districts that are less than Super "A" do not want the Super "A" districts' money, we want ours.

The Administration's budget also would not fund Category "B" students. In 1982-83, $61 million will be paid for Category "B" students. The amount per student is almost low enough to be considered a token. However, even at that low level for Category "B" students, the total requested for Impact Aid by the Administration is inadequate. We are seriously concerned that the reason for Category "B" has not been understood. We can only refer you to the various studies that have been made on Impact Aid. The fact that a child's family lives on taxpaying property does not make up for the loss of tax support to public schools from the nontaxpaying property where the parents work. Category "B" payments that are calculated at approximately 50% of an "A" payment at full entitlement, are justified because, generally, residential property taxes constitute half of property tax revenues. Remove the nonresidential property tax base from a community and property tax revenue is cut in half. Despite whatever else may be said of the program, the federal government has not started paying taxes to local school districts to cover the cost of educational services for its employees' dependents.

Two additional sections of the law that were underfunded this current year and in the budget are proposed for either under funding or elimination next year. Section 2 provided a basic authorization in those communities where over 10% of the property tax base has become federal property since the start of the second world war. The budget would provide only $9 million for Section 2, one third of the entitlement. Section 3d2b, provides a budget balancing for school districts, a safety net below those school districts that are over 50% federally impacted has been proposed for zero funding on the grounds that at 100% of payment of "A"s there should be enough funds to cover the qualifying school districts also. It is necessary to know the actual figures to prove whether the school districts would be adequately funded. Last year the amount necessary to fund 3d2b was estimated at $10 to $ 50 million by the Department of Education.

Part of the problem with Impact Aid funding is a result of the very low authorized level at $475 million. As a program that supports a service at the local level, the proposed total is unrealistically low In comparison, it is important to report that funding for the "Section 6" schools that the federal government operates and totally funds on some military bases, was increased from $75 million to $86 million in recognition of increased costs. Our direction is clear, we should turn the schools serving military bases over to the federal government. If the federal government wants to continue to have schools serving military bases then let the federal government pay the entire cost. Section 6 poses a serious dilemma. Is it desirable for our country to operate a separate federal school system for the families of military personnel? The public schools are being paid at less than half the rate per student of the Section 6 schools. Impact Aid is more economical and justifiable than operating a federal private school system.

The financial health of impacted school districts is deterioriating to the situation that led to the original passage of PL 874. The failure to adequately fund the program has led to law suits, tuition bills in state legislatures, and even emergency payments to local school districts in order to alleviate near bankruptcy conditions. Each year, as the program continues without adequate support, the problem will become worse. Each year the school districts serving the Indian reservations and the military bases will deteriorate further. As we have reduced our San Diego education program by over $40 million, other districts will reach insolvency. Antagonism and bitterness in the local community will become another morale problem for the military family. The most affected military personnel are those who are desperately needed and who represent a huge investment - the career military specialized technical person who wants to live a normal family life, to have his children educated, and to live as a part of the broader American society.

The federal government is our tenant who takes advantage of not paying a fair share of expenses. At any time I am sure that, speaking on behalf of the school districts, that we would willingly settle for 50% of the taxes that the federal property would generate in our local communities. We want to point out that Impact Aid is not a payment in lieu of taxes; but a payment for service. If the children are not attending our schools, we do not get paid. We provide the service and we do it well. Children who are attending our schools from military families have been fairly and equitably treated. They receive all of the services that we provide to the families who do pay state and local property and income taxes.

We cannot understand why the federal government does not come forward and appropriate to a level that is necessary to enable us to provide a basic educational program; and this point is important - Impact Aid, unlike other federal education programs, is to support the basic educational program. It is not supplemental, it is not something added on top. For most of the school districts in the National Association of Federally Impacted Schools, Impact Aid is survival funding. While a school district may not close its doors when the Impact Aid funding is reduced, the teachers that we lay off or do not hire would have served the children from military families in the same way that they would have served others.

We need, for the 1984 fiscal year, full funding of all Category "A" students; funding to accompany the reauthorization of the Category "B" students; and full funding to meet the needs established in the full entitlement for Section 2; and adequate funding to cover Section 3d2b. If Category "A" and "B" students were fully funded, then Section 3d2b would probably not require a great amount of money. Although it may be necessary in isolated cases. The alternative to adequate funding is further problems, year by year, school district by school district, issue by issue. The children that are damaged are the children of the federal government's employees, military servicemen and others who work on nontaxpaying property.

Thank you for your consideration.

LETTER FROM HON. J. JAMES EXON, U.S. SENATOR FROM NEBRASKA

May 9, 1983

The Honorable Lowell P. Weicker, Jr.
Chairman
Appropriations Subcommittee on Labor,
  Health and Human Services, Education,
  and Related Agencies
116 Dirksen Senate Office Building
Washington, DC 20510

Dear Mr. Chairman:

For your hearing on May 10, 1983, I would like to submit some thoughts on the Impact Aid program for the record.

In recent days the Senate has discussed Impact Aid appropriations and it is clear from debate on the floor of the Senate that the appropriation needs to be increased for the year 1984. On May 5 and May 6, the sponsors of the Hollings-Stafford amendment to the budget resolution indicated their intention that Impact Aid appropriations would be raised to $535 million. Supporters of the Rudman-Abdnor amendment, also considered those two days, indicated support for a more substantial increase, perhaps to $600 million. In the end, the Senate adopted a $1 billion increase for the education function of the budget, with the understanding that the needs of impacted schools would be recognized.

Substantiating the need for an increase in the Impact Aid appropriation are two 1983 studies, one by the General Accounting Office and one from the Congressional Budget Office. I ask that the Committee and its staff make good use of these two studies. As a senator from a state which has a variety of different kinds of impacted school districts, I will be pleased to help interpret either of the studies or to give any other assistance I can.

Enclosed, for the record, are two colloquies from Senate deliberation on the 1984 budget resolution.

Cordially,

J. James Exon
United States Senator

CONCLUSION OF HEARINGS

Senator RUDMAN. This will complete the hearings on the fiscal year 1984 bill for the Labor-HHS-Education appropriations requests. The subcommittee will stand in recess.

[Whereupon, at 11:21 a.m., Tuesday, May 10, the hearings were concluded and the subcommittee was recessed, to reconvene at the call of the Chair.]

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